



## PRESS RELEASE

### Angle Announces 2008 Fourth Quarter and Year-End Results

**CALGARY, ALBERTA – March 23, 2009 – Angle Energy Inc. ("Angle" or the "Company") (TSX : NGL)** is pleased to announce its financial and operating results for the three months and year ended December 31, 2008.

#### HIGHLIGHTS

Years Ended December 31,	2008	2007	Change	2006	2005
<i>(000s, except per share data)</i>	(\$)	(\$)	(%)	(\$)	(\$)
<b>Financial</b>					
Commodity revenues	127,885	55,683	130	19,621	286
Funds from operations <sup>(1)</sup>	69,801	29,663	135	7,985	(613)
Per share – basic	1.91	0.91	110	0.28	(0.03)
Per share – diluted	1.86	0.89	109	0.28	(0.03)
Net income (loss)	26,372	9,650	173	1,543	(778)
Per share – basic	0.72	0.30	140	0.05	(0.04)
Per share – diluted	0.70	0.29	141	0.05	(0.04)
Capital expenditures	79,866	59,110	35	57,821	25,177
Total assets	186,985	134,371	39	87,072	51,275
Net debt <sup>(2)</sup>					
(positive working capital)	8,960	31,819	(72)	10,772	(15,452)
Shareholders' equity	143,057	82,461	73	65,344	40,892
<i>(000s)</i>	(#)	(#)	(%)	(#)	(#)
<b>Common Share Data</b>					
Shares outstanding					
At end of year	39,297	34,523	14	32,498	26,507
Weighted average – basic	36,576	32,626	12	28,617	17,864
Weighted average – diluted	37,580	33,498	12	29,052	17,864
			(%)		
<b>Operating</b>					
Sales					
Natural gas <i>(mcf/d)</i>	23,336	11,688	100	3,975	40
NGLs <i>(bbls/d)</i>	2,650	1,372	93	612	8
Light crude oil <i>(bbls/d)</i>	46	14	229	7	--
Total oil equivalent <i>(boe/d)</i>	6,586	3,334	98	1,281	14
Average wellhead prices <sup>(3)</sup>					
Natural gas <i>(\$/mcf)</i>	8.20	7.14	15	6.80	11.26
NGLs <i>(\$/bbl)</i>	58.15	49.52	17	42.90	47.55
Light crude oil <i>(\$/bbl)</i>	86.40	80.74	7	66.00	--
Total oil equivalent <i>(\$/boe)</i>	53.06	45.76	16	41.95	55.87
Reserves					
Proved <i>(mboe)</i>	11,462	9,194	25	6,203	1,169
Proved plus probable <i>(mboe)</i>	15,935	13,638	17	12,396	1,385
Total net present value – proved plus probable (10% discount) <i>(\$)</i>	272,614	222,744	22	146,300	22,743
Gross (net) wells drilled <i>(#)</i>					
Gas	14 (12.0)	12 (10.6)	17 (13)	16 (13.8)	8 (7.5)
Oil	4 (3.5)	2 (2.0)	100 (75)	-- (--)	-- (--)
Dry and abandoned	6 (5.4)	5 (4.0)	20 (35)	6 (4.9)	1 (0.5)
Total	24 (20.9)	19 (16.6)	26 (26)	22 (18.7)	9 (8.0)
Average working interest <i>(%)</i>	87	87	--	85	89

(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.

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

(4) For a description of the boe conversion ratio, refer to the commentary at the beginning of the Management's Discussion and Analysis.

## LETTER TO SHAREHOLDERS

Fellow Shareholder:

Angle Energy Inc. has an established and proven record of capitally efficient growth. Over our four-year history, Angle's fundamental strategies have transformed the Company from a blind pool start-up to the successful low cost operation it is today. We believe our focus on growth through drilling, investing in high potential opportunities and sound financial management is still the right strategy for continued success.

The 2008 fiscal year proved to be highly volatile for all natural gas focused junior exploration companies. Commodity prices performed strongly the first half of the year, after which the effects of the global economic crisis were felt (particularly in the fourth quarter), bringing a severe decline in both commodity prices and common share valuations. As a result, the industry's ability to access equity financing on favourable terms, in conjunction with the increased cost and reduced availability of credit financing, has caused a significant retraction to the forward growth prospects of many companies. Fortunately, Angle's strength in exploration, exploitation and low cost operations allowed our Company to meet these challenges, exceeding the financial and operating goals we set for 2008 and setting up a visible path for growth in 2009.

### Corporate Activities and Financial Highlights

Angle was incorporated in 2004 and commenced active oil and gas operations in early 2005 with a primary focus on growth through exploration and development of high quality assets in the Western Canadian Sedimentary Basin. We have subsequently established five project areas in west central Alberta: Harmattan, Ferrier, Lone Pine Creek, Deanne and Pembina. Our Company has grown entirely through the drill bit: from zero production in 2004 to a 2008 exit rate of approximately 7,500 boe/d with 39.3 million shares outstanding, assets totaling \$187.0 million and a dedicated, experienced technical team.

Strategic financial planning, with attention to capital structure, has played a key role in Angle's success. Our Company has always maintained a view that a simple capital structure is desirable, that equity issues should provide a platform for initial project growth and that debt is an instrument best used for later stage development or for opportunistic acquisitions in appropriate environments. To date, our growth has been financed primarily through a series of private, and most recently public, equity issues that have totaled \$107.2 million as well as prudent and minimal use of debt. To provide liquidity for both shareholders and the Company, on June 30, 2008 we completed an Initial Public Offering of Angle common shares, raising \$31.0 million. On June 30, 2008, the Company's common shares commenced trading on the Toronto Stock Exchange under the symbol NGL. We welcome our many new shareholders to Angle and thank our private investors for their early confidence and continued support.

For the year ended December 31, 2008, Angle posted new records for sales, cash flow and earnings. Our year-over-year financial highlights included:

- increasing commodity revenues 130% to \$127.9 million;
- improving cash flow 135% to \$69.8 million or 109% to \$1.86 per diluted share;
- growing net income 173% to \$26.4 million or 141% to \$0.70 per diluted share;
- expanding our capital investment program 35% to \$79.9 million with funds primarily allocated to drilling operations, facility installations and land purchases in our core operating areas; and
- reducing net debt to cash flow ratio to 0.13:1, exiting 2008 with a working capital deficiency of \$9.0 million on a \$70.0 million credit facility.

Our debt capacity, combined with our current cash flow, allows for excellent financial flexibility in seeking additional growth opportunities in the current market environment.

### Operating Highlights

Angle's objective is to grow our production and reserves, on a per common share basis, by focusing on overlooked opportunities in the established, highest quality producing areas of the Western Canadian Sedimentary Basin. We concentrate on developing prospects that extend known trends or add new pools amidst large producing fields. Land accumulation, through Crown sales or farm-ins, follows rather than leads the generation of drilling prospects and we always seek multi-well opportunities with emphasis on liquids-rich natural gas and light oil.

By continuing to implement the key principles of our operating strategy for growth through exploration, operations and acquisition, which are outlined in detail in the Operations Review section of this report, we reached new milestones for project development, reserves growth and capital efficiency. Our operating highlights for the year ended December 31, 2008 included:

- drilling 24 gross (20.9 net) wells for a 74% net success rate;
- increasing production 98% to an average 6,586 boe/d;
- growing total proved plus probable reserves 17% to 15.9 mmboe, while improving total proved reserves 25% to 11.5 mmboe;
- decreasing year-over-year finding and development costs (including future development capital), 37% to \$14.67/boe on proved plus probable reserves and 5% to \$15.06/boe on total proved reserves; and
- improving the Company's net asset value 21% to \$7.07 per diluted share.

Harmattan provided approximately two-thirds of our Company's production in 2008 with 14 gross (12.9 net) wells drilled in this area during the year for a net success ratio of 74%. Our year-end area exit rate was in excess of 4,900 boe/d producing from 39 wells. Angle's extensive gas gathering infrastructure allows us to promptly tie-in successful wells and direct the production into mid-stream operated processing facilities, thereby maintaining operational control. Our Company currently has over two years of development drilling identified at Harmattan and we expect to drill two to three wells in this area during the first six months of 2009. The development prospects in the area are low risk but also provide a lower rate of return at current commodity prices, and as a result, planned activity at Harmattan in 2009 is scaled back compared to 2008. The pace of operations is controlled since Angle is the operator at 100% working interest and holds a large contiguous land position.

Ferrier grew to one-third of total corporate production in 2008 through the drilling of 10 gross (8.0 net) wells for a net success ratio of 75%. Exit production from this region was in excess of 2,600 boe/d producing from 14 wells. During the fourth quarter, our Company completed a 100% working interest major compression project, providing Angle with a raw gas throughput capacity of 18 mmcf/d and the ability to expand future capacity to 25 mmcf/d. This project completes our dominant infrastructure presence with forward capital allocated primarily to wellsite tie-ins. Additionally, we are utilizing pad drilling to reduce surface and infrastructure costs in 2009. During the first half of 2009, we anticipate drilling three to four wells at Ferrier.

Our Company continues to position the Lone Pine Creek and Deanne properties towards the goal of establishing significant new core areas. These plays provide Angle with exposure, at 100% working interest, to the potential of 100 bcf of new gas reserves on an unrisks basis. Unlike high capital investment unconventional plays where recovery factors range from 5% to 20% of the gas in place, these plays are in established conventional reservoirs with historical producing analogs where expected recovery factors range from 70% to 90% of the gas in place. In January 2009, Angle commenced drilling operations in the Deanne area at 100% working interest. An operational update will be provided to shareholders by the end of the first quarter. Pembina is our newest exploration prospect with access to a 16,000-acre land base at a 100% working interest achieved in 2008. In January 2009, we commenced drilling two wells in the area with completion results also expected by the end of the first quarter.

## **Outlook**

In 2009, Angle continues to enjoy a strong financial position due to prudent balance sheet management and high working interest and operatorship in the majority of our projects. We are posting strong results in this very challenging environment for junior oil and gas companies. We continue to expand our core areas, and as a result, our production base has doubled from this time last year. Consequently, we look to further our record of growth, both in terms of production and reserves increases on an absolute and per common share basis. An update to our guidance for 2009 can be found in the Management's Discussion and Analysis section of this report.

Given the current soft commodity prices, limited sources of equity and tightening of credit financing, the Company's view is that financial flexibility is paramount and Angle's approach in 2009 will be to preserve capital for only the highest potential recycle ratio projects. With an approved first half 2009 capital budget of \$25 million to \$27 million, excluding acquisitions, these projects include development drilling in the Ferrier area, exploration drilling at Lone Pine Creek and Deanne, new area expansion at Pembina, as well as strategic farm-ins and potential asset or corporate acquisitions.

We believe the present business environment provides significant opportunity for Angle given our track record as a successful driller. The highly focused approach to drilling in our core areas is also applicable to our acquisition strategy. We view acquisitions as a key component of our plans for building a total asset base capable of production at or near the 10,000 boe/d level. Although reaching this mass is a goal for the Company, it is more important that we do not sacrifice Angle's efficient operating structure or our corporate culture of accountability and technically integrated investment decisions in order to achieve a certain production level. These tenets, along with our philosophy of achieving a series of smaller, manageable objectives to reach an overall goal, have guided the Company to the success it has become. We continue to pursue and evaluate opportunities that are complementary to our operations, fit our technical skill set and meet our strict financial criteria.

In closing, I want to thank our Board of Directors for their continued wise counsel and express my appreciation to all our shareholders for their ongoing support as Angle continues to evolve and grow. I would especially like to emphasize that our Company's strong financial and operating results could not have been achieved without the ongoing loyalty, expertise and commitment of our people, who continually excel in a tough and competitive business. With the combination of a highly capable workforce, financial strength and an extensive portfolio of attractive near and longer-term investment opportunities, I believe the future for Angle's continued growth looks bright.

On behalf of the Board of Directors,

*[signed]*

D. Gregg Fischbuch  
President & Chief Executive Officer  
March 20, 2009

## 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 years ended December 31, 2008 and 2007 and should be read with the audited consolidated financial statements and accompanying notes. All financial measures are expressed in Canadian dollars unless otherwise indicated. Additional Angle disclosure can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com). This commentary is based on the information available as at, and is dated March 20, 2009.

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", "funds from operations per share", "funds flow netback" and "net income netback", 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, funds from operations per share, funds flow netback and net income netback 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 consolidated 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 December 31,		Years Ended December 31,	
	2008	2007	2008	2007
(000s)	(\$)	(\$)	(\$)	(\$)
Cash flow from operating activities	<b>13,892</b>	12,515	<b>73,317</b>	24,847
Changes in non-cash working capital	<b>1,796</b>	(4,843)	<b>(3,516)</b>	4,816
Funds from operations	<b>15,688</b>	7,672	<b>69,801</b>	29,663

### 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

As a result of the general decline in commodity prices and Angle's goal of maintaining a strong financial position, the Company has revised its guidance for 2009. Angle's previous guidance was contained in a press release dated November 12, 2008 and in the third quarter interim report for the period ended September 30, 2008. The Company is continually reviewing operational plans in response to current market volatility, and accordingly, the following revised guidance is for the first six months of 2009 only.

During the first half of 2009, Angle expects production and sales of natural gas, NGLs and light crude oil will average between 7,500 and 7,600 boe/d. 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 product volume mix will be similar to 2008 and will approximate 59% natural gas, 40% NGLs and 1% light crude oil. This expectation may 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).

### ***Commodity Prices***

For purposes of its forecast for 2009, the Company has assumed that the natural gas price at AECO for spot delivery will average \$4.74/GJ and that the West Texas Intermediate crude oil price will average US\$47/bbl. There are many risks that may result in commodity price assumptions being less than expected. 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, at times, influence the supply situation.

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. The current slowdown in economic growth due to recession in several of the world's major economies could further reduce both the demand and price for crude oil.

Canadian producers realize a Canadian dollar price for natural gas, NGLs and crude oil, 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. Angle has used a Canadian to U.S. dollar price exchange rate of \$0.83 for its forecast pricing.

### ***Royalty Rates***

Angle expects that royalty rates during the first six months of 2009 will average in the range of 32% to 34% of gross revenue, before realized or unrealized derivative gains or losses. This royalty rate expectation has resulted from the Company's view on 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.

Historically, the Company's freehold royalty rates have been higher than the Crown royalty rate applicable had the lands been Crown lands. However, under the new Alberta royalty rate program that became effective January 1, 2009, Angle's freehold royalty rates could, in certain cases, be less than the Crown royalty rates that would have applied had the lands been Crown owned depending on commodity prices.

During 2008, the Company's royalty mix was 20% Crown royalties and 11% freehold and gross overriding royalties, and the combined royalty rate was 31%. 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 natural gas or crude oil. 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.

### ***Operating Costs***

The Company expects operating and transportation costs to average in the range of \$5.70 to \$5.85/boe for the first six months of 2009. 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 the first half of 2009 will be approximately in the \$1.60 to \$1.65/boe range, net of capitalized amounts. 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.

### ***Funds From Operations***

The Company expects that funds from operations will be in the range of approximately \$21 million to \$23 million for the first six months of 2009. 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 expects to incur between \$25 million and \$27 million for capital expenditures to June 30, 2009, consisting primarily of expenditures for drilling, completions, equipment, tie-ins, land and seismic. This is based on the assumption that the Company drills in the range of eight to ten wells during the six-month period. The capital program during 2009 is flexible, depending on commodity prices and recently announced Alberta Crown royalty incentive programs. 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 expects to drill eight to ten wells during the first six months of 2009. The drilling program is a key assumption in the production estimates for the period 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 sites; delays in obtaining landowner consent for surface access; and, delays in obtaining well licences and drilling permits.

### ***Drilling Success***

During 2009, the Company expects to add reserves from its drilling activities. 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***

Angle intends to continue generating and developing its own prospects and acquiring lands directly as well as 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.

### ***Debt***

The Company anticipates that its combined bank debt and working capital deficit position at June 30, 2009 will be less than \$15 million. The forecast closing debt would be increased by any additional share purchases under the Company's normal course issuer bid or an acquisition. This assumes that capital expenditures are between \$25 million and \$27 million and that funds from operations are in the range of approximately \$21 million to \$23 million for the first six months of 2009. 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 will not become taxable during the first six months of 2009 based on the foregoing assumptions. 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; commodity prices; and, 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 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 months and years ended December 31, 2008 and 2007.

### **Operating Results**

#### ***Drilling Activity***

	Exploration		Development		Total	
	Gross <i>(wells)</i>	Net <i>(wells)</i>	Gross <i>(wells)</i>	Net <i>(wells)</i>	Gross <i>(wells)</i>	Net <i>(wells)</i>
<b>2008</b>						
Natural gas and NGLs	--	--	14	12.0	14	12.0
Light crude oil	1	0.5	3	3.0	4	3.5
Dry and abandoned	2	2.0	4	3.4	6	5.4
Total wells	3	2.5	21	18.4	24	20.9
Success rate (%)		20		82		74
Average working interest (%)		83		88		87

	Exploration		Development		Total	
	Gross	Net	Gross	Net	Gross	Net
	(wells)	(wells)	(wells)	(wells)	(wells)	(wells)
2007						
Natural gas and NGLs	4	3.7	8	6.9	12	10.6
Light crude oil	1	1.0	1	1.0	2	2.0
Dry and abandoned	2	1.0	3	3.0	5	4.0
<b>Total wells</b>	<b>7</b>	<b>5.7</b>	<b>12</b>	<b>10.9</b>	<b>19</b>	<b>16.6</b>
Success rate (%)		83		73		76
Average working interest (%)		81		91		87

During 2008, Angle drilled 24 gross (20.9 net) wells of which 14 gross (12.9 net) wells were in the Harmattan core area and 10 gross (8.0 net) wells were in the Ferrier area. The Company's success rate is calculated on a net working interest completion basis.

### **Capital Expenditures**

Capital expenditures for the three months and years ended December 31, 2008 and 2007 are summarized in the following table:

	Three Months Ended December 31,		Years Ended December 31,	
	2008	2007	2008	2007
(000s)	(\$)	(\$)	(\$)	(\$)
Drilling and completions	<b>6,670</b>	11,721	<b>49,270</b>	38,892
Equipment and facilities	<b>8,451</b>	5,355	<b>23,210</b>	15,384
Geological and geophysical	<b>313</b>	22	<b>1,038</b>	284
Land and lease retention	<b>1,854</b>	1,207	<b>5,169</b>	4,073
Head office	<b>68</b>	140	<b>439</b>	165
Capitalized G&A and other	<b>252</b>	118	<b>740</b>	312
<b>Total</b>	<b>17,608</b>	18,563	<b>79,866</b>	59,110

For the final quarter of 2008, drilling and completions expenditures totaled \$6,670,000 (2007 – \$11,721,000) that involved the drilling of 3 gross (3.0 net) wells of which 2 gross (2.0 net) wells were successful and 1 gross (1.0 net) well was dry for a 67% net success rate. In the comparative three-month period of 2007, the Company drilled 5 gross (4.5 net) wells of which 4 gross (4.0 net) wells were successful and 1 gross (0.5 net) well was dry for an 89% net success rate.

Drilling and completions expenditures totaled \$49,270,000 for the year ended December 31, 2008 (2007 – \$38,892,000), which involved the participation in 24 gross (20.9 net) wells. Of the 24 wells, 18 gross (15.5 net) wells were cased, while the remaining 6 gross (5.4 net) wells were not successful. During 2007, the Company drilled 19 gross (16.6 net) wells of which 14 gross (12.6 net) wells were successful and cased, while the remaining 5 gross (4.0 net) wells were not successful.

For the three months ended December 31, 2008, the Company's expenditures on facilities totaled \$8,451,000 (2007 – \$5,355,000) primarily for wellsite facilities, related gathering pipelines and construction of compression facilities at Ferrier. For the year ended December 31, 2008, Angle's expenditures on facilities totaled \$23,210,000 (2007 – \$15,384,000). The Company's 100% owned compressor facility at Ferrier was put on-stream early in the fourth quarter and is designed for 18.0 mmcf/d of throughput.

Land purchases and lease retention costs incurred in the fourth quarter of 2008 totaled \$1,854,000 (2007 – \$1,207,000). For the year ended December 31, 2008, land purchases and lease retention costs totaled \$5,169,000 (2007 – \$4,073,000). Angle was successful in Crown land sales during the year, and as a result, added an additional 30,680 acres to its total land inventory.

## Financial and Operating Results

### Sales, Revenue and Prices

	Three Months Ended December 31,		Years Ended December 31,	
	2008	2007	2008	2007
<b>Sales</b>				
Natural gas sales (mcf/d)	26,902	11,997	23,336	11,688
NGLs sales (bbls/d)	3,045	1,497	2,650	1,372
Light crude oil sales (bbls/d)	99	35	46	14
Total sales (boe/d)	7,628	3,532	6,586	3,334
Total sales (boe)	701,781	327,923	2,410,424	1,216,961
(000s)	(\$)	(\$)	(\$)	(\$)
<b>Revenue</b>				
Natural gas	17,748	7,058	71,618	29,200
Realized derivative (loss) gain	783	248	(1,605)	1,265
Total natural gas	18,531	7,306	70,013	30,465
NGLs	9,529	6,345	56,408	24,792
Light crude oil	531	290	1,464	426
Total revenue before unrealized derivative gains	28,591	13,941	127,885	55,683
Unrealized derivative (loss) gain	(274)	11	(11)	11
Total revenue	28,317	13,952	127,874	55,694
<b>Average Prices</b>				
Natural gas sales price (\$/mcf)	7.17	6.40	8.39	6.84
Derivative realized (loss) gain (\$/mcf)	0.32	0.22	(0.19)	0.30
Total natural gas sales price (\$/mcf)	7.49	6.62	8.20	7.14
NGLs sales price (\$/bbl)	34.02	46.07	58.15	49.52
Light crude oil sales price (\$/bbl)	58.25	89.14	86.40	80.74
Total sales price (\$/boe)	40.74	42.91	53.06	45.76

For the fourth quarter of 2008, revenue was \$28,591,000 (before unrealized derivative loss) on average sales volumes of 7,628 boe/d compared to \$13,941,000 and 3,532 boe/d for the same period in 2007. The 105% revenue gain resulted from a 114% increase in sales volumes, while the Company's prices declined from the comparable quarter in 2007. For the fourth quarter of 2008, Angle's product volume mix was 59% natural gas, 40% NGLs with 1% light crude oil.

For the year ended December 31, 2008, revenue totaled \$127,885,000 (before unrealized derivative loss) on average sales volumes of 6,586 boe/d compared to \$55,683,000 and 3,334 boe/d a year ago. The 130% revenue gain resulted from a 98% increase in sales volumes, while prices contributed the balance of the increase.

Angle continues to have success in its drilling program with significant volumes being tied in from both its Ferrier and Harmattan core areas. Ferrier contributed approximately 33% of the Company's total sales volumes in the fourth quarter of 2008, up from 31% in the third quarter, while the balance of sales volumes were from Harmattan. In the comparative period of 2007, Ferrier sales were approximately 1% of Angle's total sales volumes.

The Company's drilling operations primarily target natural gas that is rich in associated NGLs. Angle's NGLs are comprised of approximately 40% propane, 36% ethane and 24% condensate. The price received for its NGLs is based on this mix, with the condensate having the highest value of the NGLs stream.

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

The Company had fixed the price applicable to future sales through the following contracts, from which it had recorded \$0.19/mcf in realized price losses to December 31, 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 December 31,		Years Ended December 31,	
	2008	2007	2008	2007
(000s)	(\$)	(\$)	(\$)	(\$)
Total revenue before realized and unrealized derivative gain/loss	<b>27,808</b>	13,693	<b>129,490</b>	54,417
Royalties				
Crown	<b>4,916</b>	1,685	<b>25,744</b>	6,331
Other	<b>2,919</b>	2,602	<b>14,869</b>	11,420
Total royalties	<b>7,835</b>	4,287	<b>40,613</b>	17,751
	(%)	(%)	(%)	(%)
% of Revenue				
Crown	<b>18</b>	12	<b>20</b>	12
Other	<b>10</b>	19	<b>11</b>	21
Total	<b>28</b>	31	<b>31</b>	33

For the fourth quarter of 2008, the Company recorded total royalties of \$7,835,000 or 28% of revenue versus \$4,287,000 or 31% of revenue for the same period in 2007. The decline in royalty rate was due to the decrease in commodity pricing between the periods and Crown royalty adjustments posted in the final quarter of 2008.

During the year ended December 31, 2008, total royalties were \$40,613,000 or 31% of revenue compared to \$17,751,000 or 33% of revenue a year ago. Angle's Crown royalties have increased relative to the mix of total royalties, which is reflective of the increase of production from Crown leases, primarily in the Ferrier area.

### **Operating Expenses**

	Three Months Ended December 31,		Years Ended December 31,	
	2008	2007	2008	2007
(000s)	(\$)	(\$)	(\$)	(\$)
Operating expense	<b>3,237</b>	919	<b>11,614</b>	5,038
Transportation expense	<b>309</b>	135	<b>823</b>	378
Total operating expenses	<b>3,546</b>	1,054	<b>12,437</b>	5,416
Total operating expenses (\$/boe)	<b>5.05</b>	3.21	<b>5.16</b>	4.45

Total operating expenses were \$3,546,000 or \$5.05/boe for the 2008 three-month period versus \$1,054,000 or \$3.21/boe a year ago.

For the year ended December 31, 2008, Angle incurred operating expenses of \$12,437,000 or \$5.16/boe compared to \$5,416,000 or \$4.45/boe in 2007.

The Ferrier area has a higher per unit operating expense rate than Harmattan. The Company had a higher proportion of sales volumes from the Ferrier area in the fourth quarter of 2008, which impacted the overall per unit rate in both the three-month and year-end periods. In the comparative periods of 2007, Ferrier sales were approximately 1% of the total sales volumes and had no upward effect on the per unit rate.

The per unit rate for the three-month and year-end periods of 2007 was positively impacted by a favourable processing rate negotiated in the Harmattan area for which adjustments were booked in the fourth quarter but applied to production for most of 2007.

***General and Administrative ("G&A") Expenses and Stock-Based Compensation***

	Three Months Ended December 31,		Years Ended December 31,	
	2008	2007	2008	2007
(000s)	(\$)	(\$)	(\$)	(\$)
G&A expenses	<b>2,036</b>	935	<b>6,032</b>	3,009
G&A capitalized (direct)	<b>(252)</b>	(118)	<b>(740)</b>	(312)
G&A recoveries via operations	<b>(284)</b>	(312)	<b>(969)</b>	(738)
<b>G&amp;A expenses (net)</b>	<b>1,500</b>	505	<b>4,323</b>	1,959

G&A net expenses totaled \$1,500,000 for the three months ended December 31, 2008 versus \$505,000 in the same period a year ago. Angle had 22 professional staff during the 2008 fourth quarter compared to 14 staff in the same period of 2007. During the fourth quarter of 2008, the Company capitalized \$252,000 (2007 – \$118,000) in direct costs relating to its exploration and development staff salaries and \$284,000 (2007 – \$312,000) relating to operator recoveries on capital expenditures.

Angle recorded non-cash stock-based compensation expense of \$253,000 (2007 – \$211,000) and capitalized \$86,000 (2007 – \$46,000) for total stock-based compensation of \$339,000 (2007 – \$257,000) during the fourth quarter of 2008.

For the year ended December 31, 2008, G&A net expenses totaled \$4,323,000 compared to \$1,959,000 a year ago. During 2008, the Company capitalized \$740,000 (2007 – \$312,000) in direct costs relating to its exploration and development efforts and \$969,000 (2007 – \$738,000) relating to operator recoveries on capital expenditures.

During 2008, Angle recorded non-cash stock-based compensation expense of \$1,221,000 (2007 – \$1,139,000) and capitalized \$351,000 (2007 – \$147,000) for total stock-based compensation of \$1,572,000 (2007 – \$1,286,000). The Company's year-over-year G&A expenses and stock-based compensation rose in proportion to its increase in staffing to properly manage increased activities and production growth.

***Interest Expense***

Interest expense incurred during the year ended December 31, 2008 totaled \$711,000 (2007 – \$894,000), resulting from slightly decreased use of credit facilities in 2008 to partially fund the Company's capital expenditures. In December 2008, Angle closed an equity placement of \$10,006,000 (prior to share issue expenses), which eliminated its debt and left the Company in a cash position.

**Netbacks (per unit)**

	Three Months Ended December 31,		Years Ended December 31,	
	2008	2007	2008	2007
	(\$/boe)	(\$/boe)	(\$/boe)	(\$/boe)
Sales prices	<b>40.74</b>	42.91	<b>53.06</b>	45.76
Royalties	<b>(11.16)</b>	(13.08)	<b>(16.85)</b>	(14.59)
Operating	<b>(5.05)</b>	(3.21)	<b>(5.16)</b>	(4.45)
Operating netback	<b>24.53</b>	26.62	<b>31.05</b>	26.72
G&A and other (excludes non-cash items)	<b>(2.14)</b>	(1.93)	<b>(1.79)</b>	(1.60)
Interest expense	<b>(0.03)</b>	(1.29)	<b>(0.30)</b>	(0.74)
Funds flow netback <sup>(1)</sup>	<b>22.36</b>	23.40	<b>28.96</b>	24.38
Depletion, depreciation and accretion	<b>(14.27)</b>	(14.13)	<b>(13.10)</b>	(13.25)
Stock-based compensation	<b>(0.36)</b>	(0.64)	<b>(0.51)</b>	(0.94)
Unrealized (loss) gain on derivative instrument	<b>(0.39)</b>	--	--	--
Future tax recovery (expense)	<b>(3.36)</b>	0.31	<b>(4.41)</b>	(2.26)
Net income netback	<b>3.98</b>	8.94	<b>10.94</b>	7.93

(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.

(2) For a description of the boe conversion ratio, refer to the commentary at the beginning of this MD&A.

Although Angle has a higher royalty per unit than its industry peers, it is offset by higher sales prices for its natural gas due to the heat content of the gas stream and by lower operating expenses. This resulted in an operating netback of \$31.05/boe for the year ended December 31, 2008 compared to \$26.72/boe in 2007.

**Funds from Operations**

Funds from operations totaled \$15,688,000 or \$0.41 per basic and \$0.40 per diluted share during the fourth quarter of 2008 compared to \$7,672,000 or \$0.23 per basic and diluted share in the comparable period of 2007.

For the year ended December 31, 2008, the Company recorded funds from operations of \$69,801,000 or \$1.91 per basic and \$1.86 per diluted share compared to \$29,663,000 or \$0.91 per basic and \$0.89 per diluted share in 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.

**Cash Flow from Operating Activities**

Cash flow from operating activities totaled \$13,892,000 or \$0.36 per basic and diluted share during the fourth quarter of 2008 compared to \$12,515,000 or \$0.38 per basic and \$0.37 per diluted share in the comparable period of 2007.

For the year ended December 31, 2008, the Company recorded cash flow from operating activities of \$73,317,000 or \$2.00 per basic and \$1.95 per diluted share compared to \$24,847,000 or \$0.76 per basic and \$0.74 per diluted share in 2007.

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

	Three Months Ended December 31,		Years Ended December 31,	
	2008	2007	2008	2007
DD&A provision (\$000s)	<b>10,018</b>	4,632	<b>31,575</b>	16,129
DD&A provision (\$/boe)	<b>14.27</b>	14.13	<b>13.10</b>	13.25

The DD&A provision for the fourth quarter in 2008 was \$10,018,000 or \$14.27/boe compared to \$4,632,000 or \$14.13/boe recorded in the same period of 2007. The 116% increase was primarily due to the 114% growth in production volumes combined with a slight increase in the per unit rate.

For the year ended December 31, 2008, the DD&A provision was \$31,575,000 or \$13.10/boe compared to \$16,129,000 or \$13.25/boe recorded in 2007. The 96% year-over-year increase was primarily due to the 98% growth in production volumes combined with a slight decrease in the per unit rate.

### **Income Taxes**

Future tax expense provision totaled \$2,354,000 during the three months ended December 31, 2008 compared to a future tax recovery of \$322,000 recorded in the same period of 2007.

During 2008, future tax expense provision totaled \$10,622,000 compared to \$2,756,000 recorded in 2007.

Year Ended December 31, 2008	Income Tax Deduction	Deduction Rate
	(\$000s)	(%)
Canadian Oil and Gas Property Expense (COGPE)	<b>12,884</b>	<b>10</b>
Canadian Development Expense (CDE)	<b>52,256</b>	<b>30</b>
Canadian Exploration Expense (CEE)	<b>12,354</b>	<b>100</b>
Undepreciated Capital Costs (UCC)	<b>37,250</b>	<b>20-45</b>
Share issue costs	<b>3,884</b>	<b>20</b>
Non-capital losses	--	<b>100</b>
	<b>118,628</b>	

### **Net Income**

Net income totaled \$2,790,000 or \$0.07 per basic and diluted share during the fourth quarter of 2008 compared to \$2,932,000 or \$0.09 per basic and diluted share in the same period a year ago.

For the year ended December 31, 2008, the Company recorded net income of \$26,372,000 or \$0.72 per basic and \$0.70 per diluted share compared to \$9,650,000 or \$0.30 per basic and \$0.29 per diluted share in 2007.

### **Liquidity and Capital Resources**

The following table summarizes the change in working capital during the years ended December 31, 2008 and 2007:

Years Ended December 31,	2008	2007
(000s)	(\$)	(\$)
Working capital (deficiency) – beginning of year	<b>(31,819)</b>	(10,772)
Funds from operations	<b>69,801</b>	29,663
Issue of capital stock for cash (net of share issue expense)	<b>38,695</b>	8,389
Redemption of share capital	<b>(5,760)</b>	--
Derivative instruments	<b>(11)</b>	11
Capital expenditures	<b>(79,866)</b>	(59,110)
Working capital (deficiency) – end of year	<b>(8,960)</b>	(31,819)

Since inception on January 23, 2004 to December 31, 2008, Angle has raised funds through treasury equity issues in the amount of \$107,231,000 (net of share issue expenses and normal course issuer bid) at share prices ranging from \$0.60 to \$8.00 per common share.

The Company exited 2008 with a working capital deficiency of \$8,960,000 compared to available credit lines of \$70,000,000. Additional information on the terms of Angle's credit facility can be found in note 4 of the consolidated financial statements. Angle's annual bank review was completed in June 2008, and as a

result, the Company's credit line was increased \$20,000,000 from the previous credit line of \$50,000,000. The amount of the facility is subject to a borrowing base test performed on a periodic basis by the lenders, based primarily on reserves and using commodity prices estimated by the lenders as well as other factors. A decrease in the borrowing base could result in a reduction to the credit facility, which may require a repayment to the lenders. However, the Company is in full compliance with all bank debt covenants and has provided the bank with the reserves report, dated January 1, 2009, and early discussions would indicate that its borrowing base will not reduce and no repayment will be required.

As at December 31, 2008, Angle had not drawn on its bank facility due to its issuance of \$10,006,000 of equity on December 18, 2008. Additionally, on June 30, 2008 the Company completed its initial public offering and issued equity in the amount of \$31,000,000. As at December 31, 2007, the Company had drawn \$25,770,000 on the facility, which was recorded as a current liability as the bank loan has been structured as a revolving term facility.

Other liabilities included in working capital deficiency consist primarily of trade payables and accrued liabilities. 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 the Company's revenue stream, during 2008 Angle entered into forward sales contracts. These forward sales contracts have been described in this MD&A under the heading "Sales, Revenue and Prices". As at December 31, 2008 and as of the date of this report, the Company did not have any forward sales contracts outstanding.

As at March 20, 2009, Angle had 39,296,574 common shares, 2,945,000 stock options and 1,322,000 share appreciation rights issued and outstanding. Between the start of its normal course issuer bid in September 2008 and December 31, 2008, the Company had repurchased and cancelled 1,425,500 shares. Angle has not completed any purchases between year-end and the date of this report.

### Selected Quarterly Information

Three Months Ended	Dec. 31, 2008	Sep. 30, 2008	Jun. 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sep. 30, 2007	Jun. 30, 2007	Mar. 31, 2007
<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	<b>186,985</b>	<b>192,179</b>	<b>173,188</b>	<b>148,891</b>	134,371	115,490	101,459	100,636
Total sales <i>(boe/d)</i>	<b>7,628</b>	<b>7,280</b>	<b>5,965</b>	<b>5,450</b>	3,532	2,989	3,326	3,494
Oil and gas revenues	<b>28,591</b>	<b>39,243</b>	<b>33,896</b>	<b>22,484</b>	13,952	12,351	14,409	15,029
Funds from operations	<b>15,688</b>	<b>21,017</b>	<b>18,970</b>	<b>14,126</b>	7,672	6,561	7,300	8,130
Per share – basic	<b>0.41</b>	<b>0.54</b>	<b>0.55</b>	<b>0.41</b>	0.23	0.20	0.22	0.25
Net income	<b>2,790</b>	<b>13,071</b>	<b>7,527</b>	<b>2,984</b>	2,932	1,225	2,721	2,772
Per share – basic	<b>0.07</b>	<b>0.34</b>	<b>0.22</b>	<b>0.09</b>	0.09	0.04	0.08	0.09
Capital expenditures	<b>17,608</b>	<b>23,510</b>	<b>21,712</b>	<b>17,036</b>	18,563	17,919	4,653	17,975
Working capital (deficiency)	<b>(8,960)</b>	<b>(10,680)</b>	<b>(11,156)</b>	<b>(36,393)</b>	(31,819)	(29,013)	(17,236)	(20,481)
Shareholders' equity	<b>143,057</b>	<b>135,854</b>	<b>122,108</b>	<b>84,626</b>	82,461	70,838	69,356	66,107

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 years ended December 31, 2008 and 2007.

### Factors That Have Caused Variations Over the Quarters

The fluctuations in Angle's revenue and net earnings from quarter to quarter are primarily caused by increases in production volumes, realized commodity prices and the related impact on royalties, and realized and unrealized gains/losses on financial instruments. Angle has been successful in drilling and tie-in of its wells and has increased sales and related volumes each successive quarter, with the exception of the second quarter of 2007. During that quarter, the Company experienced extensive wet field conditions, and consequently, was unable to complete drilling, tie-in or pipelining operations. In addition, future income tax estimates and changes in estimates contributed to the changes in net earnings commencing from the first quarter of 2007. Please refer to the "Financial and Operating Results" section and other sections of this MD&A for detailed discussions on variations during the comparative quarters and to Angle's previously issued interim and annual MD&A for changes in prior quarters.

### Selected Annual Information

Years Ended December 31,	2008	2007	2006	2005
<i>(000s, except per share data)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>
Total sales <i>(boe/d)</i>	<b>6,586</b>	3,334	1,281	14
Oil and gas revenues	<b>127,885</b>	55,683	19,621	286
Funds from operations	<b>69,801</b>	29,663	7,985	(613)
Per share – basic	<b>1.91</b>	0.91	0.28	(0.03)
Net income	<b>26,372</b>	9,650	1,543	(778)
Per share – basic	<b>0.72</b>	0.30	0.05	(0.04)
Capital expenditures	<b>79,866</b>	59,110	57,821	25,177
Working capital (deficiency)	<b>(8,960)</b>	(31,819)	(10,772)	15,452

*Note: The selected annual information has been prepared in accordance with the accounting principles as contained in the notes to the consolidated financial statements for the years ended December 31, 2008, 2007, 2006 and 2005.*

### Contractual Obligations

The Company has a committed term facility with a Canadian bank. The authorized borrowing amount under this facility as at December 31, 2008 was \$70,000,000 and Angle had not drawn on the facility at period-end. Additional disclosure relating to bank debt is provided in the notes to the consolidated financial statements. The Company's commitments are summarized below:

	2009	2010	2011
<i>(000s)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>
Operating lease – office	401	437	408
Operating lease – compressors	250	--	--
Exploration expenditures (flow-through)	10,006	--	--
Total	10,657	437	408

As a result of the Company's farm-ins in the Ferrier, Lone Pine Creek and Pembina areas, Angle has a commitment to drill five wells for a total estimated net dry hole cost of \$5,000,000. The Company expects to meet these commitments primarily from generation of funds from operations and, to a much lesser degree, drawing on its existing bank line. Please refer to the "Future Outlook and Forward-Looking Information" and the "Liquidity and Capital Resources" sections of this MD&A for further information.

### Related Party and Off-Balance Sheet Transactions

Angle has 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 2008, Angle incurred \$548,000 in costs with Osler (2007 – \$340,000). Services provided related to advice and counsel primarily in the areas of general legal, corporate governance matters, and banking and equity offerings. These services were billed at rates consistent with those charged to third parties. The Company expects to continue using the firm's services throughout 2009.

During the years ended December 31, 2008 and 2007, the Company was not involved in any off-balance sheet transactions.

### Critical Estimates

Management is required to make judgements and use estimates in the application of generally accepted accounting principles that have significant impact on the financial results of the Company. The following discussion outlines the accounting policies and practices that are critical to determining Angle's financial results.

### ***Full Cost Accounting***

Angle follows the Canadian Institute of Chartered Accountants' ("CICA") guideline on full cost accounting in the oil and gas industry to account for oil and gas properties. Under this method, all costs associated with the acquisition of, exploration for and development of crude oil and natural gas reserves are capitalized and costs associated with production are expensed. The capitalized costs are depreciated, depleted and amortized using the unit-of-production method based on estimated proved reserves. Reserves estimates can have a significant impact on earnings, as they are a key component in the calculation of DD&A. A downward revision in a reserves estimate could result in a higher DD&A charge to earnings. In addition, if capitalized costs are determined to be in excess of the calculated ceiling, which is based largely on reserves estimates, the excess must be written off as an expense charged against earnings. In the event of a property disposition, proceeds are normally deducted from the full cost pool without recognition of a gain or loss unless there is a change in the DD&A rate of 20% or greater.

### ***Asset Retirement Obligations***

The Company records a liability for the fair value of its legal obligations associated with the retirement of long-lived assets in the period in which it is incurred, normally when the asset is purchased or developed. On recognition of the liability, there is a corresponding increase in the carrying value of the related asset and the asset retirement obligation. The total amount of the asset retirement obligation is an estimate based on the Company's net ownership in all wells and facilities, the estimated cost to abandon and reclaim the wells and facilities, the estimated timing of those cash flows, changes in environmental regulations and the discount rate used to calculate the present value of those cash flows are estimates subject to measurement uncertainty. Any change in these estimates would impact the asset retirement liability.

### ***Reserves Determination***

The proved natural gas, NGLs and crude oil reserves that are used in determining Angle's depletion rates, the magnitude of the borrowing base available to the Company from its lender and the ceiling test are based on management's best estimates, and are subject to uncertainty. Through the use of geological, geophysical and engineering data, the reservoirs and deposits of natural gas, NGLs and crude oil are examined to determine quantities available for future production, given existing operations and economic conditions and technology. The evaluation of recoverable reserves is an ongoing process impacted by current production, continuing development activities and changing economic conditions as reflected in natural gas and crude oil prices. Consequently, the reserves are estimated, which are subject to variability. To assist with the reserves evaluation process, the Company employs the services of independent oil and gas reservoir engineers.

### ***Income Taxes***

The determination of Angle's income and other tax liability requires interpretation of complex laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from the liability estimated or recorded.

### ***Other Estimates***

The accrual method of accounting will require management to incorporate certain estimates, including revenues, royalties, production costs and capital expenditures as at a specific reporting date but for which actual revenue and royalties have not yet been received, and estimates on capital projects that are in progress or recently completed where actual costs have not been received at a specific reporting date.

### **Changes in Accounting Disclosures**

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

### ***Financial Instruments***

CICA Handbook Section 3862 "Financial Instruments – Disclosures" 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 9 of the consolidated financial statements for further discussion.

### ***Capital Disclosures***

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

### ***Future Accounting Policy Changes***

CICA Handbook Section 3064 "Goodwill and Intangible Assets" will come into effect 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 consolidated financial statements.

### ***Business Combinations***

In December 2008, the CICA issued Section 1582 "Business Combinations". This section is effective January 1, 2011 and applies prospectively to business combinations for which the acquisition date is during the first annual reporting period beginning on or after January 1, 2011 for the company. Early adoption is permitted. This section replaces Section 1581 "Business Combination" and harmonizes the Canadian standards with IFRS.

### ***Transition to International Financial Reporting Standards ("IFRS")***

In February 2008, the CICA's Accounting Standards Board ("AcSB") confirmed the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises for interim and annual financial statements for fiscal years beginning on or after January 1, 2011, including comparative figures for 2010.

The International Accounting Standards Board ("IASB") has also issued an exposure draft relating to certain amendments and exemptions to IFRS 1. It is anticipated that this exposure draft will not result in an amended IFRS 1 standard until late 2009. The amendment, if implemented, will permit the Company to apply IFRS prospectively by utilizing its current reserves at the transition date to allocate the Company's full cost pool, with the provision that a ceiling test, under IFRS standards, be conducted at the transition date. The eventual changeover to IFRS represents a change 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.

In response, the Company has completed a high-level IFRS transition plan and has established a preliminary timeline for its execution and completion. The Company has performed a preliminary review of the accounting policies of the Company under Canadian GAAP and compared them to IFRS. In 2009, the Company will perform the next phase of the project, conducting an in-depth review of the significant areas of difference identified during the preliminary assessment in order to identify all specific Canadian GAAP and IFRS differences and select ongoing IFRS policies. Key areas addressed will also be reviewed to determine any information technology issues, the impact on internal controls over financial reporting and the impact on other business activities, including compensation arrangements. Staff training programs commenced in 2008 and will be ongoing as the project unfolds. The Company will also continue to monitor standards development as issued by the IASB and the AcSB as well as regulatory developments as issued by the Canadian Securities Administrators, which may affect the timing, nature or disclosure of its adoption of IFRS. Additional disclosures of the key elements of the transition plan and progress of the project will be provided as the information becomes available.

### **Controls and Procedures**

#### ***Disclosure Controls***

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. Angle's CEO and CFO have concluded, based on their evaluation as of the end of the period covered by the Company's annual filings, 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.

### ***Internal Controls Over Financial Reporting***

Management has assessed the effectiveness of the Company's internal controls over financial reporting as defined by National Instrument 52-109. The assessment was based on the framework in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations. Management concluded that the Company's internal controls over financial reporting were effective as of December 31, 2008. No changes were made to the Company's internal controls over financial reporting during the year ended December 31, 2008 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

It should be noted that while Angle's CEO and CFO believe that the Company's internal controls and procedures provide a reasonable level of assurance and that they are effective, they do not expect that these controls 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.

### **Business Risks and Risk Mitigation**

There are a number of risks facing participants in the Canadian oil and gas industry. Some of the risks are common to all businesses, while others are specific to the sector. The most important of these risks are set out below, together with the strategies Angle employs to mitigate and minimize these risks.

#### ***Global Financial Crisis***

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, have caused significant volatility to commodity prices. These conditions worsened in the third quarter of 2008 and are continuing in 2009, causing a loss of confidence in the broader United States and global credit and financial markets. This has created a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. These factors have negatively impacted the Company's valuations and will impact the performance of the global economy going forward.

Commodity prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and demand of these commodities due to the current state of the world economies, OPEC actions and the ongoing global credit and liquidity concerns.

#### ***Inherent Industry Risks – Risk of Failing to Discover Economic Reserves Additions***

The Company's strategies include focusing on gas prone selected areas in Western Canada, utilizing a team of highly qualified professionals with expertise and experience in these areas, expanding operations in core areas, continuously assessing new exploration opportunities to complement existing activities and striving for a balance between higher risk exploratory drilling, lower risk development drilling and pursuing liquids-rich gas reservoirs.

Beyond exploration risk, there is the potential that the Company's oil and natural gas reserves may not be economically produced at prevailing prices. Angle minimizes this risk by generating exploration prospects internally, targeting high quality projects and attempting to operate the project along with access to the sales market through Company owned or mid-stream operators.

#### ***Financial, Commodity Price, Capital Expenditures, Liquidity and Environmental Risks***

Commodity prices are driven by supply, demand and market conditions outside the Company's influence and control. Angle manages this risk by constantly monitoring the forecasted price given by aggregators. In addition, from time to time the Company employs a commodity hedging program that has a primary goal of minimizing significant downward movements in commodity prices and these are detailed in note 9 of the consolidated financial statements. Angle manages capital expenditures by two separate tracking systems: a historical accounting system that records the actual costs and a perpetual forecasting model that is constantly updated based on real-time information.

Angle's capital investment process is based on risk analysis to ensure capital expenditures balance the objectives of immediate cash flow growth in development activities and future cash flow from the discovery of reserves through exploration.

It is likely that in the future, Angle will be required to raise additional capital through debt and equity financings in order to fully realize the Company's strategic goals and business plans. Angle's ability to raise additional capital will depend on a number of factors, such as general economic and market conditions that are beyond the Company's control. If the Company is unable to obtain additional financing or to obtain it on favourable terms, Angle may be required to forego attractive business opportunities. However, as Angle is the operator of virtually all of its operations at a high working interest position, the Company is able to be flexible in the timing of operations to ensure a continued strong financial position. The Company is committed to maintaining a strong balance sheet combined with an adaptable capital expenditures program that can be adjusted to capitalize on or reflect acquisition opportunities or a tightening of liquidity sources if necessary.

The Company manages operational risks by employing skilled professionals utilizing leading-edge technology and conducting regular maintenance and training programs. Angle has established a new Environmental, Health and Safety Committee and updated its operational emergency response plan and operational safety manual to address these operational issues. In addition, a comprehensive insurance program is maintained to mitigate risks and protect against significant losses where possible. Angle operates in accordance with all applicable environmental legislation and strives to maintain compliance with such regulations.

*[signed]*

STUART C. SYMON, CMA  
Vice President Finance & Chief Financial Officer  
March 20, 2009

## CONSOLIDATED BALANCE SHEETS

As at December 31, (000s)	2008 (\$)	2007 (\$)
<b>Assets</b>		
Current		
Cash	939	--
Accounts receivable	12,496	10,270
Prepaid expenses and other	1,266	1,120
Derivative instruments (note 9)	--	11
	<b>14,701</b>	11,401
Property and equipment (note 3)	<b>172,284</b>	122,970
	<b>186,985</b>	134,371
<b>Liabilities</b>		
Current		
Bank debt (note 4)	--	25,770
Accounts payable and accrued liabilities	23,661	17,450
	<b>23,661</b>	43,220
Future tax liability (note 7)	18,288	7,287
Asset retirement obligations (note 5)	1,979	1,403
	<b>43,928</b>	51,910
<b>Shareholders' Equity</b>		
Share capital (note 6)	104,995	69,922
Contributed surplus (note 6)	3,657	2,381
Retained earnings	34,405	10,158
	<b>143,057</b>	82,461
	<b>186,985</b>	134,371

### Commitments (note 11)

See accompanying notes to the consolidated financial statements.

On behalf of the Board of Directors,

[signed]

Timothy V. Dunne  
Director

[signed]

Edward Muchowski  
Director

## CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

Years Ended December 31,	2008	2007
<i>(000s, except per share data)</i>	(\$)	(\$)
<b>Revenue</b>		
Oil and gas revenues	129,490	54,418
Realized derivative instrument (loss) gain	(1,616)	1,265
Unrealized derivative instrument (loss) gain	--	11
	<b>127,874</b>	<b>55,694</b>
Royalty expense	(40,613)	(17,751)
	<b>87,261</b>	<b>37,943</b>
<b>Expenses</b>		
Operating	12,437	5,416
General and administrative	4,323	1,959
Interest	711	894
Stock-based compensation <i>(note 6)</i>	1,221	1,139
Depletion, depreciation and accretion	31,575	16,129
	<b>50,267</b>	<b>25,537</b>
<b>Income before income taxes</b>	<b>36,994</b>	<b>12,406</b>
<b>Income taxes</b>		
Future tax expense <i>(note 7)</i>	10,622	2,756
<b>Net income and comprehensive income for the year</b>	<b>26,372</b>	<b>9,650</b>
<b>Retained earnings – beginning of year</b>	<b>10,158</b>	<b>508</b>
<b>Less: Excess of cost of shares acquired over stated value <i>(note 6)</i></b>	<b>(2,125)</b>	<b>--</b>
<b>Retained earnings – end of year</b>	<b>34,405</b>	<b>10,158</b>
Net income per share <i>(note 6)</i>		
Basic	0.72	0.30
Diluted	0.70	0.29

*See accompanying notes to the consolidated financial statements.*

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, (000s)	2008 (\$)	2007 (\$)
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net income for the year	26,372	9,650
Add back non-cash items:		
Depletion, depreciation and accretion	31,575	16,129
Stock-based compensation	1,221	1,139
Unrealized (loss) gain on derivative instruments <i>(note 9)</i>	11	(11)
Future income tax	10,622	2,756
	69,801	29,663
Change in non-cash working capital <i>(note 8)</i>	3,516	(4,816)
	73,317	24,847
<b>Financing activities</b>		
Issue of common shares, net of share issue expenses	38,695	8,389
Redemption of share capital	(5,760)	--
Increase (decrease) in bank debt	(25,770)	24,872
Change in non-cash working capital <i>(note 8)</i>	46	--
	7,211	33,261
<b>Investing activities</b>		
Property and equipment additions	(79,866)	(59,110)
Change in non-cash working capital <i>(note 8)</i>	277	1,002
	(79,589)	(58,108)
<b>Net increase in cash</b>	<b>939</b>	<b>--</b>
<b>Cash – beginning of year</b>	<b>--</b>	<b>--</b>
<b>Cash – end of year</b>	<b>939</b>	<b>--</b>

See accompanying notes to the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 and 2007

### 1. Nature of Operations

Angle Energy Inc. ("Angle" or the "Company") is a publicly traded company incorporated under the laws of Alberta. The principal business of the Company is the exploration, exploitation, development and production of natural gas and oil reserves.

### 2. Accounting Policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Since the determination of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of these consolidated financial statements requires the use of estimates and assumptions, which have been made with careful judgement. However, actual results could differ from estimated amounts. The consolidated financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

#### (a) Property and Equipment

##### (i) Capitalized Costs

The Company follows the full cost method of accounting for its petroleum and natural gas operations. Under this method, all costs related to the exploration, development and production of petroleum and natural gas reserves are capitalized in a single Canadian cost centre. Costs include lease acquisition costs, geological and geophysical expenses, costs of drilling both productive and non-productive wells, asset retirement obligation costs, production equipment costs, general and administrative costs and stock-based compensation directly related to exploration and development activities. Proceeds from the sale of properties are applied against capitalized costs, without any gain or loss being realized, unless such sale would alter the rate of depletion and depreciation by more than 20%. Office equipment is recorded at cost.

##### (ii) Depletion and Amortization

Petroleum and natural gas properties, net of estimated salvage or residual value, and estimated costs of future development of proved undeveloped reserves are depleted and amortized using the unit-of-production method based on estimated gross proved petroleum and natural gas reserves as determined by independent engineers. For depletion and amortization purposes, relative volumes of petroleum and natural gas production and reserves are converted at the energy equivalent conversion rate of six thousand cubic feet of natural gas to one barrel of crude oil.

Costs of unproved properties and seismic costs on undeveloped land are initially excluded from petroleum and natural gas properties for the purpose of calculating depletion. When proved reserves are assigned or the property or seismic is considered to be impaired, the costs of the property or seismic or the amount of the impairment is added to costs subject to depletion.

Office equipment is amortized over its estimated useful life at declining-balance rates between 20% and 50%.

## 2. Accounting Policies (continued)

### (a) Property and Equipment (continued)

#### (iii) Ceiling Test

In applying the full cost method, the Company calculates a ceiling test whereby the carrying value of property and equipment is compared to the sum of the undiscounted cash flows expected to result from the future production of proved reserves and the sale of unproved properties. Cash flows are based on third party quoted forward prices, adjusted for transportation and quality differentials. Should the ceiling test result in an excess of carrying value, the Company would then measure the amount of impairment by comparing the carrying amounts of property and equipment to an amount equal to the estimated net present value of future cash flows from proved plus probable reserves and the lower of cost and market of unproved properties. The Company's risk-free interest rate is used to arrive at the net present value of the future cash flows. Any excess carrying value would be recorded as a permanent impairment.

### (b) Asset Retirement Obligations

The Company recognizes the fair value of an asset retirement obligation in the period in which it is incurred when a reasonable estimate of the fair value can be made. The fair value is determined through a review of engineering studies, industry guidelines and management's estimate on a site-by-site basis. The fair value of the estimated asset retirement obligation is recorded as a liability with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on the unit-of-production method based on working interest proved reserves. The liability amount is increased each reporting period to reflect the passage of time with the corresponding amount charged to earnings as accretion expense. Actual costs incurred upon the settlement of the asset retirement obligation are charged against the asset retirement obligation to the extent of the liability recorded.

### (c) Future Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between financial reporting and income tax bases of assets and liabilities, and are measured using substantively enacted income tax rates and laws that will be in effect when the differences are expected to reverse. The effect on future income tax assets and liabilities of a change in income tax rates is recognized in net income in the period in which the change is substantively enacted. A valuation allowance is recorded to the extent that there is uncertainty regarding utilization of future tax assets.

### (d) Joint Operations

Substantially all of the exploration and production activities of the Company are conducted jointly with others and these financial statements reflect only the Company's proportionate interest in such activities.

### (e) Stock Options and Share Appreciation Rights

Under the Company's stock option and share appreciation rights ("SARs") plan described in note 6, options to purchase common shares and SARs are granted to directors, officers and employees at its most recent publicly traded price. Stock-based compensation expense is recorded in the statement of operations for all options and SARs granted with a corresponding increase recorded as contributed surplus. Compensation expense is based on the estimated fair values at the time of the grant and the expense is recognized over the vesting term of the options and SARs. Upon the exercise of the stock options or SARs, consideration paid together with the amount previously recognized in contributed surplus is recorded as an increase in share capital. The Company has not incorporated an estimated forfeiture rate for stock options or SARs that will not vest; rather, the Company accounts for the forfeitures as they occur. In the event that vested options or SARs expire, previously recognized compensation expense associated with such stock options or SARs is not reversed. In the event that options or SARs are forfeited, previously recognized compensation expense associated with the unvested portion of such stock options or SARs is reversed.

## 2. Accounting Policies (continued)

### (f) Flow-Through Shares

Periodically, the Company finances a portion of its exploration and development activities through the issue of flow-through shares. Under the terms of the flow-through share issues, the tax attributes of the related expenditures are renounced to subscribers. Share capital is reduced and future tax liability is increased by the tax effected amount of the renounced tax deductions at the time of renouncement, which is when the related documentation is filed with the appropriate governmental agency and there is reasonable certainty that the expenditures will be incurred.

### (g) Revenue Recognition

Revenue from the sale of natural gas, NGLs and crude oil are recognized based on volume delivered at contractual delivery points and rates. The cost associated with the delivery, including operating, transportation and production-based royalty expenses are recognized in the same period in which the related revenue is earned and recorded.

### (h) Per Share Amounts

Basic net income per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. The treasury stock method is used to calculate diluted per share amounts whereby proceeds from the exercise of in-the-money stock options, warrants or SARs and unrecognized future stock-based compensation expense are assumed to be used to purchase common shares of the Company at the average market price during the period. Diluted per share amounts reflect the potential dilution that could occur if stock options or warrants to purchase common shares or SARs were exercised and converted to common shares.

### (i) Cash and Cash Equivalents

The Company considers all highly liquid investments with maturity of three months or less at the time of purchase to be cash equivalents.

### (j) Measurement Uncertainty

The amount recorded for depletion and depreciation of petroleum and natural gas properties and the ceiling test calculation are based on estimates of gross proved reserves, production rates, commodity prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effects on the financial statements of changes in such estimates in future years could be significant.

Inherent in the fair value calculation of asset retirement obligations are numerous assumptions and judgements, including the ultimate settlement amounts, inflation factors, credit adjusted discount rates, timing of settlement and changes in the legal and regulatory environments. To the extent future revisions to these assumptions impact the fair value of the existing asset retirement obligation liability, a corresponding adjustment is made to the property and equipment account.

### (k) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Upon initial recognition, all financial instruments, including all derivatives, are recognized on the balance sheet at fair value. Subsequent measurement is then based on the financial instruments being classified into one of five categories: held for trading, held to maturity, loans and receivables, available for sale and other liabilities. The Company has designated its cash and derivative instruments as held for trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and bank debt are classified as other liabilities, which are measured at amortized cost that is determined using the effective interest method.

## 2. Accounting Policies (continued)

### (k) Financial Instruments (continued)

The Company is exposed to market risks resulting from fluctuations in commodity prices, foreign exchange rates and interest rates in the normal course of operations. A variety of derivative instruments may be used by the Company to reduce its exposure to fluctuations in commodity prices, foreign exchange rates and interest rates. The Company does not use these derivative instruments for trading or speculative purposes. The Company considers all of these transactions to be economic hedges; however, the Company's contracts do not qualify or have not been designated as hedges for accounting purposes. As a result, all derivative contracts are classified as held for trading and are recorded on the balance sheet at fair value, with changes in the fair value recognized in net income. The fair values of these derivative instruments are based on an estimate of the amounts that would have been received or paid to settle these instruments prior to maturity given future market prices and other relevant factors. Proceeds and costs realized from holding the derivative is recognized in net income at the time each transaction under a contract is settled.

The Company has elected to account for its physical delivery sales contracts, which were entered into and continue to be held for the purpose of receipt or delivery of non-financial items in accordance with its expected purchase, sale or usage requirements, as executory contracts on an accrual basis rather than as non-financial derivatives.

The Company measures and recognizes embedded derivatives separately from the host contracts when the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract, when it meets the definition of a derivative and when the entire contract is not measured at fair value. Embedded derivatives are recorded at fair value.

The Company immediately expenses all transaction costs incurred in relation to the acquisition of a financial asset or liability. The Company applies trade-date accounting for the recognition of a purchase or sale of cash equivalents.

Comprehensive income requires certain gains and losses from changes in fair value to be temporarily presented outside net income. It includes unrealized gains and losses, such as changes in currency translation adjustment relating to self-sustaining foreign operations, unrealized gains or losses on available-for-sale investments and the effective portion of gains or losses on derivatives designated as cash flow hedges. The application of this standard did not result in comprehensive income being different from the net income for the periods presented.

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.

### (l) 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. This disclosure includes 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.

## 2. Accounting Policies (continued)

### (m) Future Accounting Changes

#### (i) Goodwill and Intangible Assets

CICA Handbook Section 3064 "Goodwill and Intangible Assets" will come into effect 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 consolidated financial statements.

#### (ii) International Financial Reporting Standards ("IFRS")

In February 2008, the CICA's Accounting Standards Board confirmed the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises for interim and annual financial statements for fiscal years beginning on or after January 1, 2011, including comparative figures for 2010.

The International Accounting Standards Board ("IASB") has also issued an exposure draft relating to certain amendments and exemptions to IFRS 1. It is anticipated that this exposure draft will not result in an amended IFRS 1 standard until late 2009. The amendment, if implemented, will permit the Company to apply IFRS prospectively by utilizing its current reserves at the transition date to allocate the Company's full cost pool, with the provision that a ceiling test, under IFRS standards, be conducted at the transition date. The eventual changeover to IFRS represents a change 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.

#### (iii) Business Combinations

In December 2008, the CICA issued Section 1582 "Business Combinations". This section is effective January 1, 2011 and applies prospectively to business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after January 1, 2011 for the company. Early adoption is permitted. This section replaces Section 1581 "Business Combination" and harmonizes the Canadian standards with IFRS.

## 3. Property and Equipment

	Cost	Accumulated Depletion and Amortization	Net Book Value
(000s)	(\$)	(\$)	(\$)
<b>December 31, 2008</b>			
Petroleum and natural gas properties	<b>224,581</b>	<b>52,833</b>	<b>171,748</b>
Office equipment	<b>727</b>	<b>191</b>	<b>536</b>
	<b>225,308</b>	<b>53,024</b>	<b>172,284</b>
<b>December 31, 2007</b>			
Petroleum and natural gas properties	144,278	21,524	122,754
Office equipment	288	72	216
	144,566	21,596	122,970

The Company capitalized \$740,000 (2007 – \$312,000) of direct general and administrative costs, \$351,000 (2007 – \$147,000) of stock-based compensation expense and \$969,000 (2007 – \$738,000) of operator overhead as related to its exploration and development activity for the year ended December 31, 2008.

### 3. Property and Equipment (continued)

Unevaluated and undeveloped properties with a cost of \$14,852,000 (2007 – \$10,316,000), 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 year ended December 31, 2008. As at year-end, future development costs totaling \$8,208,000 (2007 – \$17,159,000) were included in amounts subject to depletion.

The Company performed a ceiling test calculation at December 31, 2008 to assess the recoverable value of its petroleum and natural gas interests. It was determined that there was no impairment using the prices in the following table:

Year	Natural Gas Price (\$/mcf)	NGLs Price (\$/bbl)
2009	7.67	43.94
2010	8.06	50.08
2011	8.47	52.13
2012	8.84	55.53
2013	9.08	57.42

### 4. Bank Debt

The Company established a revolving term credit facility with a bank with a borrowing base of \$70,000,000. The amount of the facility is subject to a borrowing base test performed on a periodic basis by the lenders, based primarily on reserves and using commodity prices estimated by the lenders as well as other factors. A decrease in the borrowing base could result in a reduction to the credit facility, which may require a repayment to the lenders. Angle is currently in its annual review of the Company's credit facility.

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, in which case 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, a financial covenant must be maintained. The Company must not permit the working capital ratio to fall below 1:1. The working capital ratio is defined as the ratio of current assets plus any undrawn availability under the credit facilities to current liabilities less any amount drawn under the credit facilities. 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% to 10% (2007 – 8%) to discount the future estimated cash flows of \$4,622,000 (2007 – \$3,225,000) of which the majority of costs are expected to be incurred over a period of one to ten years. At December 31, 2008, the obligation was as follows:

Years Ended December 31, (000s)	2008 (\$)	2007 (\$)
Balance – beginning of year	1,403	746
Change in estimates	(331)	(36)
Liabilities incurred	760	589
Accretion of asset retirement obligation	147	104
Asset retirement obligation – end of year	1,979	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.

### (b) Issued

Years Ended December 31,	2008		2007	
	Shares (#)	Amount (\$000s)	Shares (#)	Amount (\$000s)
<b>Common Shares</b>				
Balance – beginning of year	<b>34,522,908</b>	<b>69,922</b>	32,497,941	63,700
Common shares issued (i)	<b>3,875,000</b>	<b>31,000</b>	--	--
Common shares issued (ii)	<b>436,166</b>	<b>1,306</b>	1,069,500	4,289
Common shares repurchased (iii)	<b>(1,425,500)</b>	<b>(3,635)</b>	--	--
Flow-through shares issued (ii)	<b>1,888,000</b>	<b>10,006</b>	955,467	4,586
Tax effect of flow-through shares (ii)	--	<b>(1,199)</b>	--	(2,338)
Share issue costs (i)	--	<b>(3,321)</b>	--	(445)
Tax benefit of share issue costs	--	<b>916</b>	--	130
<b>Balance – end of year</b>	<b>39,296,574</b>	<b>104,995</b>	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 December 2008, the Company issued 1,888,000 flow-through common shares at \$5.30 per share for total proceeds of \$10,006,000. Under the terms of the flow-through agreement, the Company is committed to spend \$10,006,000 on qualified exploration and development expenditures by December 31, 2009.

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 December 31, 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.

As at December 31, 2008, the Company has purchased 1,425,500 shares at an average price of \$4.04 per share for a total cost of \$5,760,000. The shares were cancelled and the average par value of \$2.55 per share (\$3,635,000 total) was charged to share capital with the remaining cost being charged directly against retained earnings in the period.

### (c) Contributed Surplus

Years Ended December 31,	2008	2007
(000s)	(\$)	(\$)
Balance – beginning of year	2,381	1,136
Stock-based compensation – options	976	1,286
Reduction due to exercise of options	(296)	(41)
Stock-based compensation – share appreciation rights	596	--
Balance – end of year	3,657	2,381

### (d) Per Share Amounts

For the year ended December 31, 2008, net income per common share is calculated using the weighted average number of shares outstanding of 36,575,733 (basic) and 37,579,728 (diluted) (December 31, 2007 – 32,625,683 basic and 33,498,238 diluted). Anti-dilutive instruments excluded from the calculation consisted of 1,155,000 options and 1,322,000 SARs.

### (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 to 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 or employee 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 December 31, 2008:

	Options (#)	Weighted Average Exercise Price (\$)
Outstanding at December 31, 2006	2,845,000	2.28
Granted in the year	435,000	3.90
Exercised in the year	(30,000)	3.00
Forfeited in the year	(130,000)	3.26
Outstanding at December 31, 2007	3,120,000	2.46
Granted in the year	<b>405,000</b>	<b>4.24</b>
Exercised in the year	<b>(351,666)</b>	<b>(1.85)</b>
Forfeited in the year	<b>(228,334)</b>	<b>(2.04)</b>
<b>Outstanding at December 31, 2008</b>	<b>2,945,000</b>	<b>2.81</b>

Exercise Price (\$)	Outstanding (#)	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (\$)	Exercisable (#)	Weighted Average Exercise Price (\$)
<b>As at December 31, 2008</b>					
<b>1.00</b>	<b>845,000</b>	<b>0.7</b>	<b>1.00</b>	<b>845,000</b>	<b>1.00</b>
<b>3.00</b>	<b>945,000</b>	<b>2.0</b>	<b>3.00</b>	<b>775,000</b>	<b>3.00</b>
<b>3.75</b>	<b>345,000</b>	<b>2.6</b>	<b>3.75</b>	<b>230,000</b>	<b>3.75</b>
<b>3.90</b>	<b>435,000</b>	<b>3.8</b>	<b>3.90</b>	<b>145,000</b>	<b>3.90</b>
<b>4.00</b>	<b>300,000</b>	<b>4.2</b>	<b>4.00</b>	--	--
<b>5.30</b>	<b>75,000</b>	<b>4.4</b>	<b>5.30</b>	--	--
	<b>2,945,000</b>	<b>2.2</b>	<b>2.81</b>	<b>1,995,000</b>	<b>2.30</b>

As at December 31, 2007					
1.00	1,205,000	1.8	1.00	1,091,644	1.00
3.00	1,050,000	3.0	3.00	518,990	3.00
3.75	430,000	3.6	3.75	156,667	3.75
3.90	435,000	4.8	3.90	--	--
	3,120,000	2.9	2.46	1,767,301	1.83

The fair value of common share options granted during the year ended December 31, 2008 was estimated to be \$793,000 or \$1.96 per weighted average option (2007 – \$772,000 or \$1.78 per weighted average option) as at the date of grant using the Black-Scholes option pricing model and the following average assumptions:

Years Ended December 31,	2008	2007
Risk-free interest rate (%)	<b>4.18</b>	4.50
Expected life (years)	<b>5.00</b>	5.00
Expected volatility (%)	<b>47.00</b>	45.00

## 6. Share Capital (continued)

### (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.

The following summarizes information about SARs outstanding as at December 31, 2008:

	SARs (#)	Weighted Average Exercise Price (\$)
Outstanding at December 31, 2007	--	--
Granted in the year	<b>1,322,000</b>	<b>5.23</b>
<b>Outstanding at December 31, 2008</b>	<b>1,322,000</b>	<b>5.23</b>

Exercise Price (\$)	Outstanding (#)	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (\$)	Exercisable (#)	Weighted Average Exercise Price (\$)
<b>As at December 31, 2008</b>					
<b>3.80</b>	<b>200,000</b>	<b>4.8</b>	<b>3.80</b>	--	--
<b>4.00</b>	<b>242,000</b>	<b>4.3</b>	<b>4.00</b>	--	--
<b>5.30</b>	<b>423,000</b>	<b>4.4</b>	<b>5.30</b>	--	--
<b>6.25</b>	<b>200,000</b>	<b>4.6</b>	<b>6.25</b>	--	--
<b>6.44</b>	<b>173,000</b>	<b>4.5</b>	<b>6.44</b>	--	--
<b>6.70</b>	<b>12,000</b>	<b>4.7</b>	<b>6.70</b>	--	--
<b>6.90</b>	<b>28,000</b>	<b>4.7</b>	<b>6.90</b>	--	--
<b>7.00</b>	<b>44,000</b>	<b>4.6</b>	<b>7.00</b>	--	--
	<b>1,322,000</b>	<b>4.5</b>	<b>5.23</b>	--	--
<b>As at December 31, 2007</b>					
	--	--	--	--	--

The fair value of SARs granted during the year ended December 31, 2008 was estimated to be \$3,333,000 or \$2.52 per weighted average SAR (2007 – \$nil) as at the date of grant using the Black-Scholes pricing model and the following assumptions:

Years Ended December 31,	2008	2007
Risk-free interest rate (%)	<b>3.14</b>	--
Expected life (years)	<b>5.00</b>	--
Expected volatility (%)	<b>52.00</b>	--

## 6. Share Capital (continued)

### (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. The current economic conditions are such that equity financing may not be available and availability of bank credit is generally reducing, with the related costs increasing. The Company recognizes these trends and endeavours to balance the proportion and levels of the debt and equity in its capital structure to take into account the level of 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.

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. Funds from operations for the year ended December 31, 2008 was \$69,801,000 (2007 – \$29,663,000), resulting in a net debt to funds from operations ratio of 0.13 (2007 – 1.07). 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 December 31, 2008, the Company had a working capital ratio of 3.58:1, 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.

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 2008, the Company's strategy in managing its capital was unchanged.

## 7. Income Taxes

The actual income tax provision differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate tax rates to loss before income taxes. These differences are explained as follows:

Years Ended December 31,	2008	2007
(000s)	(\$)	(\$)
Income before income tax	<b>36,994</b>	12,406
Tax rate	<b>29.50%</b>	32.12%
Computed income tax provision	<b>10,913</b>	3,985
Increase (decrease) in income taxes resulting from:		
Rate adjustment	<b>(588)</b>	(1,415)
Stock-based compensation	<b>360</b>	366
Other	<b>(79)</b>	(180)
Non-deductible expenses	<b>16</b>	--
	<b>10,622</b>	2,756

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The components of the Company's net future income tax assets and liabilities are as follows:

Years Ended December 31,	2008	2007
(000s)	(\$)	(\$)
Future income tax assets (liabilities)		
Non-capital losses carryforward	--	3,784
Share issue costs	<b>1,071</b>	599
Net book value of property and equipment in excess of tax basis	<b>(19,359)</b>	(11,667)
Other	--	(3)
Future income tax asset (liability)	<b>(18,288)</b>	(7,287)

## 8. Changes in Non-Cash Working Capital

Years Ended December 31,	2008	2007
(000s)	(\$)	(\$)
Accounts receivable	<b>(2,226)</b>	(2,652)
Prepaid expenses and other	<b>(146)</b>	(790)
Accounts payable and accrued liabilities	<b>6,211</b>	(372)
	<b>3,839</b>	(3,814)

## 8. Chances in Non-Cash Working Capital (continued)

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

Years Ended December 31,	2008	2007
(000s)	(\$)	(\$)
Operating	3,516	(4,816)
Financing	46	--
Investing	277	1,002
	3,839	(3,814)

## 9. Financial 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 December 31, 2008, of the accounts receivable balance of \$12,496,000, 78% was current, 7% was 31 to 90 days and the balance was over 90 days due. 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.

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.

## 9. Financial Instruments (continued)

### (c) Market Risk (continued)

#### (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 in the past; however, there were no financial derivative contracts in place at December 31, 2008. With regards to commodity prices, a \$0.10/mcf change in the sales price of natural gas would impact net earnings by approximately \$990,000 annually.

#### (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 December 31, 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 December 31, 2008. With regards to interest rate risk, a change of 1% in the effective interest rate would impact net earnings by approximately \$147,000 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, accounts receivable, accounts payable and bank debt. As at December 31, 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.

## 10. Related Parties

During 2008, expenses and share issue costs were recorded totaling \$548,000 (2007 – \$340,000) that were charged to the Company by a legal firm of which a Director of the Company is a partner, and \$34,000 (2007 – \$nil) remained in accounts payable at December 31, 2008. These amounts are billed and recorded at rates consistent with those charged to third parties.

## 11. Commitments

The Company has lease commitments for office premises that expire in 2011 and two compressors that expire in 2009. Future minimum lease payments under the leases are as follows:

(000s)	(\$)
2009	651
2010	437
2011	408
	<hr/>
	1,496

The Company is committed to spend \$10,006,000 on qualified exploration and development expenditures by December 31, 2009. At December 31, 2008, the entire commitment was outstanding.

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.

*In addition to the forward-looking statements contained in the Management's Discussion and Analysis, this press release contains forward-looking statements with respect to Angle and its operations and may contain reserves, and cash flow estimates, drilling plans, debt levels, production expectations, finding and development objectives, opinions, forecasts, projections, guidance and other statements that are not statements of fact. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can provide no assurance that such expectations will prove to be correct. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. Some of the risks and other factors that could cause results to differ materially from those expressed in the forward-looking statements contained in this release include, but are not limited to, the lack of precision around estimates of reserves, performance of the Company's oil and gas properties, volatility in market prices for oil and gas, estimations of future costs, geological, technical, drilling and processing problems, changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry, and such other risks and uncertainties described from time to time in the reports and filings made with securities regulatory authorities by the Company, including in the Management's Discussion and Analysis. The reader is cautioned that the foregoing list of important factors is not exhaustive. These statements speak only as of the date of this press release and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, other than as required by law. The forward-looking statements contained in this release are expressly qualified by this cautionary statement.*

**For further information, please contact:**

D. Gregg Fischbuch  
President & Chief Executive Officer

Heather Christie-Burns  
Vice President Engineering & Chief Operating Officer

Stuart C. Symon  
Vice President Finance & Chief Financial Officer

Suite 700  
324 Eighth Avenue S.W.  
Calgary, Alberta T2P 2Z2  
Phone: (403) 263-4534  
Fax: (403) 263-4179  
Website: [www.angleenergy.com](http://www.angleenergy.com)