



**ANGLE ENERGY INC**

## **NEWS RELEASE**

### **ANGLE ANNOUNCES 2011 FIRST QUARTER RESULTS**

**CALGARY, ALBERTA - May 18, 2011 - Angle Energy Inc. (“Angle” or the “Company”)** (TSX: NGL) is pleased to announce its financial and operating results for the three months ended March 31, 2011.

The Company has filed its consolidated financial statements and related management’s discussion and analysis (MD&A) for the quarter ended March 31, 2011 on [www.sedar.com](http://www.sedar.com) and [www.angleenergy.com](http://www.angleenergy.com). Certain selected financial and operational information for the three-month period ended March 31, 2011 and the 2010 comparatives are set out below and should be read in conjunction with Angle’s consolidated interim financial statements for the period ended March 31, 2011 and related MD&A.

Angle’s first quarter of 2011 was significant for the Company, with record production of 12,730 boe per day achieved in the period. Importantly, the operating netback per barrel also increased by 12 percent compared to the first quarter of 2010, despite the decrease in natural gas prices of approximately 24 percent between these periods. This corporate performance highlights the strength of Angle’s natural gas liquids and light oil. Currently, the Company produces one of the highest natural gas liquids yields amongst our peers, with a total corporate yield of 84 bbls of NGLs per mcf of sales gas. Condensate is 29 percent of this total, which at the time of this report, is commanding approximately 108 percent of Edmonton light oil price. The quarter also provided development drilling progress as well as exploratory data to continue project expansions. Operational details of the quarter were pre-released on April 18, 2011, including all well tests achieved prior to spring break up conditions slowing field activity.

Spring break up conditions are currently prevalent in Angle’s operating areas, with activity planned to recommence in late May or early June in the Company’s southern core areas, and in late June in Edson. There are six horizontal wells at 100% working interest awaiting completion, with four of these wells in Harmattan (two in the Viking light oil project, and two in the Mannville gas condensate project), one in Edson (Wilrich gas project) and one exploratory test. Additionally, two facilities projects are slated to begin construction or installation in June, these being the pipeline off load project in Harmattan, and the Edson gas plant installation and compression upgrade.

In Harmattan, the pipeline off load project is expected to increase Angle’s take away capacity from the current levels of 5,500 boe/d to approximately 10,000 boe/d, allowing recovery of the volumes currently being backed out by the high pressure, high rate production in the Mannville gas condensate play, and to add volumes from the horizontal wells awaiting completion. The gathering system is also being utilized for solution gas production from Angle’s Viking light oil play. The Company is continuing in the evaluation of best completion techniques in the Viking light oil play and will have further reports on this post our scheduled activity in June.

In Edson, the gas plant installation and compression expansion will allow for 10 MMcf/d of additional out take for Angle’s production, and is expected to reduce corporate operating expenses by \$0.20/boe, by reducing the Company’s use of third party processing.

With our forward development program, Angle is well positioned in 2011 to deliver exciting growth per share for our investors, in production, cash flow, and reserves. We look forward to reporting the results of our second quarter operational activities, anticipated to be released in July.

## **HIGHLIGHTS**

The following are highlights for the first quarter of 2011:

- Achieved record corporate production of 12,730 boe per day, resulting in increases of 10 percent and 59 percent over the fourth and first quarters of 2010, respectively;
- Increased light oil production to average 1,035 bbls per day, three times the volume of the comparative period in 2010. Total light oil and natural gas liquids production increased by 58 percent to 4,967 bbls per day from 3,137 bbls per day in the comparative quarter of 2010. Light oil and condensate, the products commanding the highest per barrel prices, were 44 percent of this oil and liquids production.
- Revenues increased 58 percent to \$44.1 million from the first quarter of 2010 while the average operating netback increased to \$24.70 per boe from \$23.60 per boe and \$22.14 per boe in the fourth and first quarters of 2010, respectively;
- Recorded \$23.0 million in funds from operations, respectively a 7 percent and 84 percent increase over the fourth and first quarters of 2010;
- Funds from operations on a per share basis increased to \$0.32, up 7 percent and 39 percent from the fourth and first quarters of 2010;
- Capital spending in the quarter was \$37.5 million which included the drilling of 7 net wells and 5 wells drilling over the period end;
- Exited the quarter with total net debt, including working capital deficiency, of \$165.7 million (including Angle's \$60 million of convertible debentures within this net debt amount). This represents a debt to annualized cash flow ratio of 1.8:1, within Angle's targeted range of less than 2.0 to 1;
- Completed the annual credit review in March which resulted in our banking syndicate increasing Angle's borrowing base to \$210 million from \$180 million, which combined with the Company's \$60 million convertible unsecured subordinated debentures, brings total credit capacity to \$270 million.

## FINANCIAL & OPERATING HIGHLIGHTS

Three Months Ended March 31	2011	2010 <sup>(5)</sup>	Change
<i>(000s, except per share data)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(%)</i>
<b>Financial</b>			
Oil and gas revenues	44,098	27,842	58
Funds from operations <sup>(1)</sup>	22,986	12,470	84
Per share – basic	0.32	0.23	39
Per share – diluted	0.31	0.22	41
Cash flow from operating activities	21,442	5,488	291
Net income and comprehensive income	4,210	3,507	20
Per share – basic	0.06	0.06	–
Per share – diluted	0.06	0.06	–
Capital expenditures <sup>(2)</sup>	37,480	84,126	(55)
Total assets	557,322	337,947	65
Net debt <sup>(3)</sup>	165,719	60,712	173
Shareholders' equity	327,579	215,851	52
<i>(000s)</i>			
<b>Common Share Data</b>			
Shares outstanding			
At end of period	72,478	54,780	32
Weighted average – basic	72,044	54,670	32
Weighted average – diluted	73,450	55,995	31
<b>Operating</b>			
Sales			
Natural gas ( <i>mcf/d</i> )	46,574	29,197	60
NGL ( <i>bbls/d</i> )	3,932	2,831	39
Light crude oil ( <i>bbls/d</i> )	1,035	306	238
Combined average ( <i>boe/d</i> )	12,730	8,003	59
Average wellhead prices			
Natural gas ( <i>\$/mcf</i> )	3.95	5.21	(24)
NGLs ( <i>\$/bbl</i> )	52.59	47.16	12
Light crude oil ( <i>\$/bbl</i> )	86.38	77.63	11
Total oil equivalent ( <i>\$/boe</i> )	37.73	38.65	(2)
Netbacks ( <i>\$/boe</i> )			
Operating <sup>(4)</sup>	24.70	22.14	12
Funds flow <sup>(1)</sup>	20.06	17.31	16
Gross (net) wells drilled (#)			
Natural gas	3 (3.0)	7 (6.3)	-57 (-52)
Oil	3 (3.0)	3 (1.9)	– (58)
Dry and abandoned	1 (1.0)	– (–)	100 (100)
Total	7 (7.0)	10 (8.2)	-30 (-15)
Average working interest (%)	100	82	18

(1) Funds from operations, funds from operations per share and funds from operations per boe are not recognized measures under International Financial Reporting Standards (IFRS). Refer to the Management's Discussion and Analysis for further discussion.

(2) Total capital expenditures, including acquisitions.

(3) Current assets less current liabilities, bank debt and convertible debentures outstanding, excluding current derivative instruments.

(4) Operating netback equals oil and gas revenues less royalties, transportation and operating costs calculated on a per boe basis. Operating netback is not a recognized measure under IFRS and therefore may not be comparable with the calculations of similar measures presented by other companies.

(5) Amounts presented for the three months ended March 31, 2011 have been restated for the effect of the adoption of IFRS.

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

**ANGLE ENERGY INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(unaudited)

As at	Note	March 31, 2011	December 31, 2010	January 1, 2010
(000s)		(\$)	(\$)	(\$)
<b>Assets</b>				
Cash and cash equivalents		-	-	34,644
Accounts receivable		20,246	19,724	11,988
Deposits and prepaid expenses		3,376	3,894	3,722
Derivative instruments	12	-	-	226
Total current assets		23,622	23,618	50,580
Exploration and evaluation	4	51,817	49,442	14,129
Property and equipment	5	481,883	461,553	181,756
		557,322	534,613	246,465
<b>Liabilities</b>				
Accounts payable and accrued liabilities		41,799	37,080	12,099
Derivative instruments	12	2,830	1,047	-
Total current liabilities		44,629	38,127	12,099
Bank debt	6	87,542	138,916	-
Convertible debentures	7	51,975	-	-
Derivative instruments	12	935	810	-
Decommissioning liabilities	8	12,726	12,324	4,601
Premium liability	9	3,144	5,145	-
Deferred tax liabilities		28,792	23,115	18,981
		229,743	218,437	35,681
<b>Shareholders' equity</b>				
Share capital	9	309,314	306,742	178,523
Equity component of convertible debentures	7	4,105	-	-
Contributed surplus		8,359	7,843	5,387
Retained earnings		5,801	1,591	26,874
Total equity		327,579	316,176	210,784
Commitments	9, 14			
		557,322	534,613	246,465

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(unaudited)

Three Months Ended March 31	Note	2011	2010
<i>(000s, except per share amounts)</i>		<i>(\$)</i>	<i>(\$)</i>
<b>Revenue</b>			
Oil and natural gas revenues		44,098	27,842
Royalties		(7,657)	(7,753)
Oil and natural gas revenues, net of royalties		36,441	20,089
Realized gain on derivative instruments		64	-
Unrealized (loss) gain on derivative instruments		(1,908)	1,798
		34,597	21,887
<b>Expenses</b>			
Operating		8,204	4,139
General and administrative		3,912	3,663
Depletion and depreciation		14,534	9,083
Gain on disposition of undeveloped land		(1,408)	-
		25,242	16,885
Operating Income		9,355	5,002
Interest expense		2,463	430
Accretion and finance charges		466	53
Net income before income tax		6,426	4,519
Deferred income tax expense		2,216	1,012
Net income and comprehensive income		4,210	3,507
Net income per share			
Basic	9	0.06	0.06
Diluted	9	0.06	0.06

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited)

	Share Capital	Convertible Debentures, Equity Component	Contributed Surplus	Retained Earnings	Total Equity
(\$000s)					
Balance at January 1, 2011	306,742	–	7,843	1,591	316,176
Issue of common shares	1,759	–	–	–	1,759
Share-based compensation expensed	–	–	1,060	–	1,060
Share-based compensation capitalized	–	–	269	–	269
Options exercised	813	–	(813)	–	–
Issue of convertible debentures, net of issue costs and deferred income taxes	–	4,105	–	–	4,105
Net income for the period	–	–	–	4,210	4,210
Balance at March 31, 2011	309,314	4,105	8,359	5,801	27,579
Balance at January 1, 2010	178,523	–	5,387	26,874	210,784
Issue of common shares	797	–	–	–	797
Share-based compensation expensed	–	–	613	–	613
Share-based compensation capitalized	–	–	150	–	150
Options exercised	363	–	(363)	–	–
Net income for the period	–	–	–	3,507	3,507
Balance at March 31, 2010	179,683	–	5,787	30,381	215,851

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

Three Months Ended March 31	Note	2011	2010
(000s)		(\$)	(\$)
<b>Operating activities</b>			
Net income		4,210	3,507
Adjustments for:			
Depletion and depreciation	4, 5	14,534	9,083
Change in fair value of derivative instruments	11	1,908	(1,798)
Accretion and finance charges	7, 8	466	53
Share-based compensation	9	1,060	613
Deferred income tax expense		2,216	1,012
Gain on disposition of undeveloped land		(1,408)	-
Settlement of decommissioning liabilities		(97)	(129)
Change in non-cash working capital	10	(1,447)	(6,853)
Net cash from (used in) operating activities		21,442	5,488
<b>Financing activities</b>			
Issue of common shares, net of issue costs	9	1,759	797
Increase (decrease) in bank debt		(51,374)	25,693
Issue of convertible debentures, net of issue costs	7	57,171	-
Change in non-cash working capital	10	837	(59)
Net cash from (used in) financing activities		8,393	26,431
<b>Investing activities</b>			
Exploration and evaluation expenditures		(17,529)	(18,409)
Property and equipment expenditures		(19,951)	(20,629)
Business acquisition, net of cash acquired	5, 15	-	(45,088)
Proceeds on disposition of undeveloped land		2,320	-
Change in non-cash working capital	10	5,325	17,563
Net cash from (used in) investing activities		(29,835)	(66,563)
Change in cash and cash equivalents		-	(34,644)
Cash and cash equivalents, beginning of period		-	34,644
Cash and cash equivalents, end of period		-	-

See accompanying notes to the consolidated financial statements.

## Annual Meeting of Shareholders

Angle's Annual and Special Meeting of Shareholders is scheduled for Wednesday, May 25, 2011 at 3:00 p.m. Mountain Daylight Time, at the Calgary Petroleum Club, 319 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta.

## About Angle

Angle Energy Inc. is a Calgary-based publicly traded oil and natural gas exploration and development company that was incorporated in 2004 and commenced active oil and gas operations in 2005. Angle's goal is to grow its high-quality, focused asset base through a combination of drilling and strategic acquisitions. Angle started in 2004 as a "blind pool" and has grown production while maintaining top-decile operating costs, and finding costs. Angle's proven and dedicated team of industry specialists are focused on identifying and developing high quality assets in the Western Canada 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."

## **Basis of Presentation**

*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 boe [we never use "boes"] may be misleading, particularly if used in isolation.*

## **Future Outlook and Forward-Looking Information**

*Information set forth in this press release may contain estimates and forward-looking statements and is made as of May 18, 2011 and based on assumptions as of that date. By their nature, estimates and forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Angle's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserves estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility, ability to access sufficient capital from internal and external sources and, specifically, final approval of increased commercial credit borrowing base under the terms of the Company's syndicated credit facility. Readers are cautioned that the assumptions and factors discussed in this press release are not exhaustive and that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Angle's actual results, performance or achievements could differ materially from those expressed in, or implied by, these estimates and forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the estimates and forward-looking statements will transpire or occur, or if any of them do so, what benefits that Angle will derive there from. Unless required by law, Angle disclaims any intention or obligation to update or revise any estimates and forward-looking statements, whether as a result of new information, future events or otherwise. The estimates and forward-looking statements are expressly qualified by these cautionary statements. Also refer to Forward-Looking Statements and Business Risk and Mitigation contained within the Management Discussion and Analysis in the first quarter report as at March 31, 2011.*

For further information please contact:

**Heather Christie-Burns**  
President and Chief Operating Officer

Suite 700  
324 Eighth Avenue SW  
Calgary, Alberta T2P 2Z2

**Gregg Fischbuch**  
Chief Executive Officer

Tel: 403-263-4534  
Fax: 403-263-4179

**Stuart Symon**  
Chief Financial Officer

Website: [www.angleenergy.com](http://www.angleenergy.com)