



PRESS RELEASE

Angle Announces 2009 Fourth Quarter and Year-End Results

CALGARY, ALBERTA – March 22, 2010 – 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, 2009.

HIGHLIGHTS

Years Ended December 31,	2009	2008	Change
<i>(000s, except per share data)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(%)</i>
Financial			
Commodity revenues	79,998	127,885	(37)
Funds from operations ⁽¹⁾	40,154	69,801	(42)
Per share – basic	0.92	1.91	(52)
Per share – diluted	0.90	1.86	(52)
Cash flow from operating activities	27,843	73,317	(62)
Net income (loss)	(3,032)	26,372	(111)
Per share – basic	(0.07)	0.72	(110)
Per share – diluted	(0.07)	0.70	(110)
Capital expenditures	64,575	79,866	(19)
Total assets	246,465	186,985	(32)
Net debt (working capital) ⁽²⁾	(38,255)	8,960	(527)
Shareholders' equity	212,201	143,057	48
<i>(000s)</i>	<i>(#)</i>	<i>(#)</i>	<i>(%)</i>
Common Share Data			
Shares outstanding			
At end of year	54,481	39,297	39
Weighted average – basic	43,748	36,576	20
Weighted average – diluted	44,533	37,580	19
			(%)
Operating			
Sales			
Natural gas <i>(mcf/d)</i>	26,334	23,336	13
NGLs <i>(bbls/d)</i>	2,995	2,650	13
Light crude oil <i>(bbls/d)</i>	144	46	213
Total oil equivalent <i>(boe/d)</i>	7,528	6,586	14
Average wellhead prices ⁽³⁾			
Natural gas <i>(\$/mcf)</i>	4.06	8.20	(50)
NGLs <i>(\$/bbl)</i>	34.46	58.15	(41)
Light crude oil <i>(\$/bbl)</i>	61.74	86.40	(29)
Total oil equivalent <i>(\$/boe)</i>	29.11	53.06	(45)
Reserves			
Proved <i>(mboe)</i>	12,309	11,462	7
Proved plus probable <i>(mboe)</i>	20,033	15,935	26
Total net present value – proved plus probable (10% discount) <i>(\$000s)</i>	276,847	272,614	2
Gross (net) wells drilled			
Gas (#)	9 (7.9)	14 (12.0)	(36) (34)
Oil (#)	-- (--)	4 (3.5)	(100) (100)
Dry and abandoned (#)	4 (4.0)	6 (5.4)	(33) (26)
Total (#)	13 (11.9)	24 (20.9)	(46) (43)
Average working interest (%)	92	87	5

(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) Current assets less current liabilities and bank debt, excluding derivative instrument and related tax effect.

(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

Turning the Corner

At Angle Energy Inc., we are turning the corner. We positioned the Company during the challenging economic and industry climate of 2009 to prepare for the next level in our corporate growth. Our goal is to achieve production of over 10,000 boe/d by the end of 2010. Due to the key accomplishments of the past year, we are on target to realize this objective.

A Strategic Shift

Due to the weak commodity price environment, we made a decision in 2009 to preserve our capital for only the highest potential recycle ratio projects, and as a result, significantly curtailed our drilling operations. We focused on acquisition opportunities, prospect generation and adding to our land inventory so that we would be ready to aggressively step up operations once conditions improved. During the year, we added 30,490 net acres to our undeveloped land base primarily through Crown land sales as well as our first significant property acquisition. Specifically, during the second quarter, we acquired an asset at Ferrier with 7,430 net acres of land, 550 boe/d of production and interests in gas gathering and compression facilities for approximately \$22.5 million. Our expanded land base, acquired in a low cost environment, provides our Company with a substantial inventory of exploration and development opportunities.

Emerging Technologies

During 2009, we began the transition of moving from conventional drilling and completion techniques to emerging technologies in order to increase recovery and productivity on Angle's extensive asset base. The fairway in which our Company's lands are positioned has long been known for its multi-zone reservoirs that contain both liquids-rich natural gas and light crude oil in multiple stacked formations. Angle has been a successful driller over the Company's history, targeting the best grade reservoirs and achieving prolific vertical wells. These reservoirs typically vary in quality, with significant petroleum in place not recoverable through conventional methods of drilling and completing vertical wells. The application of horizontal drilling and multi-stage fracture stimulation techniques has been effectively applied by the industry to economically recover and produce these untapped resources in reservoirs with similar characteristics to our Company's plays. In October 2009, we successfully drilled our first horizontal well on our Lone Pine Creek Wabamun play that produced impressive results. Consequently, we now have plans to drill in excess of 300 additional wells (90% of our locations) using these advanced methodologies over the next several years.

A New Core Area

In late December 2009, the Company entered into an arrangement for the purchase of Stonefire Energy Corp., a public oil and gas company. On January 12, 2010, Angle successfully closed its first corporate acquisition for approximately \$75.0 million that included 41 gross sections of undeveloped lands at an average 72% working interest, 1,100 boe/d production from 18 producing wells and 6,130 mboe of proved plus probable reserves. This acquisition has provided our Company with a concentrated asset base in the Edson area of west central Alberta. The new property complements our operating strategy with high working interest production and undeveloped land, owned and controlled infrastructure, and low operating costs. The asset base had been previously exploited with vertical wells. Angle recognizes that the Edson area has proven resource exploitation potential using horizontal drilling with multi-stage fracture completions in several liquids-rich, sweet gas reservoirs, including the Cardium, Notikewin, Falher (Wilrich) and Bluesky. As a result, the Company has identified a significant opportunity portfolio on these new lands with over 30 potential horizontal locations and more than 20 re-completions in existing wellbores.

A New Commodity in the Mix

Our Company's current production base is comprised of liquids-rich natural gas, which yields a superior netback to dry gas. Angle produces a significant condensate volume that receives pricing similar to light oil. During 2009, we dedicated our resources to furthering these profitable natural gas play types, but also assessed our lands for light oil reservoir exploitation with modern technologies. As a result, we have identified, and have begun drilling in 2010, a light oil play in the Cardium formation. The initial development is in the Ferrier area with a high oil rate well test announced in the first quarter of 2010. Angle has over 25 locations on this play with 23.5 net sections of Cardium rights. In the Harmattan area, the Company has identified an extensive oil resource in the Cardium zone over 46.5 net sections, with the first drill planned on this project in the second quarter of 2010. This test is significant as it will yield productivity information and allow us to assess the scale of the possible light oil development. We will continue to report the results of this oil program and the ensuing oil production volumes, which will serve to further increase our cash flow per producing barrel.

Sustained Performance During Turbulent Times

2009 was a challenging year for the oil and gas sector, and indeed for most industries. Despite this economic climate, the Company continued to provide timely and accurate guidance to its shareholders. Angle attained its targets in its key controllable metrics and continued to post excellent production and reserves growth.

Industry Overview

The global liquidity crisis that began in 2008 continued to affect markets throughout 2009, resulting in reduced demand and prices for both our primary commodities. Oil prices recovered from their lows in the spring, but continued range-bound for most of 2009, while natural gas pricing showed a steady, continual decline throughout the year. There were several factors at work: new supplies from shale gas and tight gas sands exploitation, together with imported liquefied natural gas, combined to result in record storage levels. This increase met reduced demand head-on, causing natural gas prices to show little improvement until the onset of winter.

For Alberta natural gas producers, which are operating under the New Royalty Framework that was announced in March 2009, the effect was profound. Many producers were forced to shut-in non-economic production streams and cash flows were substantially lower, causing significant financial stress. For most junior industry players, their access to capital substantially evaporated along with investor interest in the sector. Credit lines were often capped or were reduced as a result of new constraints on the banking sector; consequently, capital spending plans were drastically curtailed as evidenced by cuts in drilling rig utilization rates and reduced land sale bonuses. The forward growth prospects of many companies remained muted until the fourth quarter when commodity prices started to improve and equity financings and increased acquisition activities were realized.

Fortunately, Angle's strengths in exploration, exploitation, prudent financial management and low cost operations allowed our Company not only to meet these challenges, but also to establish a visible path for meaningful growth in 2010 and beyond. We accomplished this through the application of the sound principles that have guided our Company since inception in 2004. Firstly, we remain focused on high quality assets in the deeper parts of the Western Canadian Sedimentary Basin that can deliver exceptional results. Secondly, we continue to pay close attention to maintaining a simple capital structure and a clean balance sheet that allows us flexibility during commodity price downturns.

Company Highlights

Our 2009 capital program represented a considerable change in both the quantum and the mix of expenditures compared to the prior year. In 2008, capital spending totaled \$79.9 million with funds primarily allocated to drilling operations, facility installations and land purchases in our core operating areas. This changed considerably in 2009 with only \$42.1 million spent on these activities, while an additional \$22.5 million was allocated to the Ferrier property acquisition for total capital expenditures of \$64.6 million. Despite these reductions and changes, we are pleased to report excellent growth in 2009.

- Production averaged 7,528 boe/d, representing a 14% increase.
- Drilled 13 gross (11.9 net) wells with an 86% net success ratio on development wells and 66% including exploration wells.
- Proved plus probable reserves rose 43% to 20.0 mmboe and proved reserves increased 30% to 12.3 mmboe (calculated increases include 2009 production of 2.7 mmboe).
- Proved plus probable and proved reserves replacement were 252% and 130%, respectively.
- Finding and development cost, including future development capital, totaled \$12.11/boe on proved plus probable reserves and \$20.41/boe on proved reserves.
- Reserve life index on proved plus probable reserves increased 46% or 2.3 years to approximately 7.3 years and to 5.1 years for proved reserves.
- Undeveloped land holdings grew 45% to 98,966 net acres with an average working interest of 93%.
- Maintained operating costs of \$4.84/boe, which is among the lowest in the industry.
- Exited 2009 with a working capital surplus of \$38.3 million on a \$110.0 million credit facility, which will be increased to \$120.0 million as a result of our semi-annual credit review.

Operational Activities

We enter our fifth year of active oil and gas operations with four core producing areas in west central Alberta: Harmattan, Lone Pine Creek, Ferrier and Edson – each at a different stage of maturity and growth potential. It can take several years from the initial conception of a play, assembly of the land position and exploitation planning before the first well is spud. For Angle, the real story of 2009 was the establishment of two new core producing areas at Lone Pine Creek and Edson, while at the same time identifying expansion and new development at Harmattan and Ferrier to enhance the value of these existing assets via the application of emerging technologies.

During 2009, we drilled 13 wells, a significant reduction from the 24 wells drilled the prior year. As discussed earlier, we decided to preserve our 2009 capital for only the highest potential recycle ratio projects. Inherent in our asset portfolio is a corporate decline rate of approximately 25%, which, when applied to our 2008 exit production rate of 7,500 boe/d, meant that we had to replace declines of approximately 1,900 boe/d. Despite the reduction in both capital expenditures and the number of wells drilled in 2009, we handily replaced our natural declines by maintaining an essentially flat production profile over the four quarters through a combination of development drilling and the Ferrier property acquisition.

Harmattan and Ferrier continue to yield ongoing development locations and represent the backbone of our Company's production and reserves base. At Harmattan, we were not as active with development drilling in 2009 due to weak natural gas prices, but did successfully drill and tie-in two wells, and as a result, slightly increased average production from the area to 4,900 boe/d. At Ferrier, we successfully drilled five development wells that yielded excellent results, increasing average production 44% to 2,615 boe/d. During 2010, we expect to continue to target the Ellerslie and Ostracod zones; however, given our horizontal drilling success in early 2010, we have a primary focus on the light oil bearing sands in the Cardium.

In addition to our development drilling, five 100% working interest exploratory wells were drilled during 2009 in the Lone Pine Creek, Deanne and Pembina areas. At Lone Pine Creek, we successfully drilled our first vertical well in the area, which was followed up by a second well that was horizontally drilled and subsequently tied in. Following year-end, we successfully drilled a second horizontal well using multi-stage acid fracturing in the completion operations that yielded excellent flow results. As well, we currently have two horizontal wells awaiting completion, one horizontal well drilling with another eight horizontal wells planned for the remainder of 2010, for a total of 12 wells in the Lone Pine Creek area this year. The exploration wells at Deanne and Pembina were cased and completed, but did not yield commercial results.

Outlook

The past 15 months have been a period of firsts for Angle – our first significant property acquisition, our first use of emerging drilling technologies and our first corporate acquisition – all of which have assisted in our efforts to turn the corner and take our Company to the next level in our corporate growth. Angle's excellent progress is reflected in our value: our share price has improved 87% over the past year, and as a result, we believe that investors are seeing the true value of Angle and realization of their investment. The variety of projects we are developing in 2010 will continue to add shareholder value and yield additional catalysts for valuation of our stock. We continue to maintain a healthy financial position through various economic cycles by adhering to our sound business and operating strategies and, combined with the skill base of our organization, will continue our transformation to a mid-cap producer.

We have a solid producing base that provides the cash flow engine required to fund our growing, diversified portfolio of high impact light oil and liquids-rich natural gas opportunities. Angle currently has in excess of 300 multi-zone, high working interest drilling locations identified (more than five years of drilling at current activity levels), over 90% of which will be drilled horizontally and completed using multi-stage fracturing techniques. We are especially excited with the early success in our Lone Pine Creek Wabamun liquids-rich gas and Ferrier Cardium light oil plays. Since early last fall, there has been overwhelming industry interest in west central Alberta lands in general, and as a result, premium prices have been paid for specific lands with the potential for light oil bearing sands in the Cardium formation. Bids for land parcels with Cardium rights have jumped from \$455 per hectare in mid-September 2009 to over \$5,590 per hectare in early February 2010. Angle currently has an inventory of 91,500 gross acres of land with Cardium potential.

Angle has set a 2010 capital budget of \$94 million to \$97 million, excluding acquisitions, and expects to allocate 35% to Lone Pine Creek, 25% to Ferrier, 25% to Edson and the remainder to maintain our production at Harmattan. We will continually review our allocations to direct our capital towards the highest potential recycle ratio projects. The current business environment provides significant opportunity for Angle as a successful driller, and we will continue to apply a highly focused acquisition strategy.

A major cornerstone of Angle's success has been the collective talents, performance and dedication of our employees as well as the stewardship, governance and guidance of our Board. As a result of these collective efforts, Angle is set to reach new levels of achievement in 2010 and beyond.

On behalf of the Management and Board of Directors,

[signed]

Heather Christie-Burns
President & Chief Operating Officer
March 19, 2010

[signed]

D. Gregg Fischbuch
Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") reports on the financial condition and the results of operations of Angle Energy Inc. ("Angle" or the "Company") for the three months and years ended December 31, 2009 and 2008 and should be read with the audited consolidated financial statements and accompanying notes. All financial measures are expressed in Canadian dollars unless otherwise indicated. This commentary is based on the information available as at, and is dated March 19, 2010.

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,	
	2009	2008	2009	2008
(000s)	(\$)	(\$)	(\$)	(\$)
Cash flow from operating activities	14,179	13,892	27,843	73,317
Changes in non-cash working capital	(952)	1,796	12,311	(3,516)
Funds from operations	13,227	15,688	40,154	69,801

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.

Material Assumptions on Forward-Looking Information

The Company's presentation of forward-looking information is based on internally generated budgets relating to drilling plans and related costs, expected results from drilling as well as estimated royalties, operating costs and administrative expenses. Angle bases the commodity pricing for budget purposes on a range of publicly available pricing forecasts and also considers general economic conditions.

Production and Sales Rates

During 2010, Angle expects that production and sales of natural gas, NGLs and light crude oil will average between 9,300 and 9,500 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 2010 product volume mix will approximate 67% natural gas, 28% NGLs and 5% light crude oil. This product volume mix differs from that realized in 2009 due to expected increased production from the Lone Pine Creek area, which has lower NGLs recoveries from the raw gas produced. 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 2010, the Company has assumed that the natural gas price at AECO for spot delivery will average \$5.50/mcf and that the crude oil price will average \$70/bbl Edmonton Par. There are many risks that may result in commodity prices 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.

Royalty Rates

Angle expects that royalty rates during 2010 will average in the range of 25% to 27% 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.

The Government of Alberta announced a three-point incentive program to stimulate new and continued economic activity in Alberta. For new wells drilled between April 1, 2009 and March 31, 2011 on Crown lands, the program provides a credit of \$200 per metre drilled and caps royalties at 5% for the first 12 months of production up to a maximum of 500 mmcf of natural gas or 50 mbbbls of oil.

On March 11, 2010, the Alberta government announced the release of its long-anticipated Competitiveness Review and the government's formal response to the results of that review. The government has committed to two broad courses of action in response: lowering royalty rates on conventional oil and gas production and streamlining regulatory processes for oil and gas developers. With several exceptions, the specifics of both the royalty and regulatory changes were not announced and will be implemented during the remainder of 2010. The most notable exceptions are the commitments to, as of January 1, 2011: (i) reduce the maximum conventional oil royalty from 50% to 40%; (ii) reduce the maximum conventional natural gas royalty from 50% to 36%; and (iii) make the current incentive "front-end" royalty for the first year of conventional oil or conventional gas production (maximum 5%) permanent as of January 1, 2011, instead of expiring on March 31, 2011. The Company will continue to monitor any further amendments to the incentive program and will update its plans as required.

Operating Costs

The Company expects operating and transportation costs to average in the range of \$5.80 to \$5.90/boe for 2010. Operating costs in the Lone Pine Creek and Edson areas are expected to be higher than in the Harmattan and Ferrier areas, and as production from these areas grows in proportion to the Company's total, the blended operating costs are expected to increase.

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 2010 will be approximately \$1.85 to \$1.95/boe, 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.

Capital Expenditures

Angle expects to incur between \$101 million and \$107 million for capital expenditures in 2010, excluding the acquisition of Stonefire Energy Corp. that was completed January 12, 2010, any potential future acquisition activity and the impact of the Alberta Crown drilling credit incentive program. Angle's capital expenditures will consist of costs for drilling, completions, equipment, tie-ins, land and seismic. This is based on the assumption that the Company drills 33 gross wells during the year. The capital program during 2010 is flexible, depending on commodity prices and any changes to the 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 33 gross wells during 2010. 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 2010, 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.

Market Conditions

Management is aware that equity market conditions may not always be conducive to raising funds through treasury issues of common shares. However, the Company has the financial capability to continue its 2010 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, 2009 and 2008.

Operating Results

Drilling Activity

	Exploration		Development		Total	
	Gross	Net	Gross	Net	Gross	Net
	(#)	(#)	(#)	(#)	(#)	(#)
2009						
Natural gas and NGLs	2	2.0	7	5.9	9	7.9
Dry and abandoned	3	3.0	1	1.0	4	4.0
Total wells	5	5.0	8	6.9	13	11.9
Success rate (%)		40		86		66
Average working interest (%)		100		86		92
2008						
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

For the year ended December 31, 2009, Angle drilled 13 gross (11.9 net) wells of which 2 gross (2.0 net) development wells were at Harmattan, 6 gross (4.9 net) development wells were at Ferrier, 2 gross (2.0 net) exploration wells were at Lone Pine Creek, 1 gross (1.0 net) exploration well was at Deanne and 2 gross (2.0 net) exploration wells were at Pembina. 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, 2009 and 2008 are summarized in the following table:

	Three Months Ended December 31,		Years Ended December 31,	
	2009	2008	2009	2008
(000s)	(\$)	(\$)	(\$)	(\$)
Drilling and completions	4,001	6,670	27,357	49,270
Drilling credit	(35)	--	(2,224)	--
Equipment and facilities	546	8,451	9,510	23,210
Geological and geophysical	842	313	1,440	1,038
Land and lease retention	2,362	1,854	4,812	5,169
Acquisitions	--	--	22,451	--
Head office	305	68	410	439
Capitalized G&A and other	263	252	819	740
Total capital expenditures	8,284	17,608	64,575	79,866

For the final quarter of 2009, drilling and completions expenditures totaled \$4,001,000 (2008 – \$6,670,000) that involved the drilling of 1 gross (1.0 net) successful well, with two wells drilling at period-end. In the comparative quarter of 2008, the Company drilled 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.

Drilling and completions expenditures totaled \$27,357,000 for the year ended December 31, 2009 (2008 – \$49,270,000), which involved the participation in 13 gross (11.9 net) wells. Of the 13 wells, 9 gross (7.9 net) wells were cased, while the remaining 4 gross (4.0 net) wells were not successful. During 2008, the Company drilled 24 gross (20.9 net) wells of which 18 gross (15.5 net) wells were cased, while the remaining 6 gross (5.4 net) wells were unsuccessful. In 2009, Angle curtailed its drilling program in response to softening commodity prices. For the year ended December 31, 2009, Angle recognized \$2,224,000 in drilling credits for four Crown wells drilled that qualified for the Alberta government's incentive program.

For the three months ended December 31, 2009, the Company's expenditures on facilities totaled \$546,000 (2008 – \$8,451,000) primarily for wellsite facilities and related tie-ins to gathering pipelines. For the year ended December 31, 2009, the Company's expenditures on facilities totaled \$9,510,000 (2008 – \$23,210,000) primarily for wellsite facilities and related tie-ins to gathering pipelines. The decrease in expenditures in 2009 resulted from major compression facilities and gathering system projects completed in the prior year.

Land purchases and lease retention costs incurred in the fourth quarter of 2009 totaled \$2,362,000 (2008 – \$1,854,000). For the year ended December 31, 2009, the Company expended \$4,812,000 (2008 – \$5,169,000) in land purchases and lease retention costs.

Financial and Operating Results of Oil and Gas Activities

Sales, Revenue and Prices

	Three Months Ended December 31,		Years Ended December 31,	
	2009	2008	2009	2008
Sales				
Natural gas sales (mcf/d)	26,335	26,902	26,334	23,336
NGLs sales (bbls/d)	2,873	3,045	2,995	2,650
Light crude oil sales (bbls/d)	184	99	144	46
Total sales (boe/d)	7,446	7,628	7,528	6,586
Total sales (boe)	685,030	701,781	2,747,804	2,410,424
(000s)	(\$)	(\$)	(\$)	(\$)
Revenue				
Natural gas	11,400	17,748	39,071	71,618
Realized derivative (loss) gain	--	783	--	(1,605)
Total natural gas	11,400	18,531	39,071	70,013
NGLs	10,972	9,529	37,670	56,408
Light crude oil	1,280	531	3,257	1,464
Total revenue before unrealized derivative (loss) gain	23,652	28,591	79,998	127,885
Unrealized derivative (loss) gain	226	(274)	226	(11)
Total revenue	23,878	28,317	80,224	127,874
Average Prices				
Natural gas sales price (\$/mcf)	4.71	7.17	4.06	8.39
Derivative realized gain (loss) (\$/mcf)	--	0.32	--	(0.19)
Total natural gas sales price (\$/mcf)	4.71	7.49	4.06	8.20
NGLs sales price (\$/bbl)	41.51	34.02	34.46	58.15
Light crude oil sales price (\$/bbl)	75.64	58.25	61.74	86.40
Total sales price (\$/boe)	34.53	40.74	29.11	53.06

For the three months ended December 31, 2009, revenue was \$23,652,000 compared to \$28,591,000 for the same period in 2008 (before unrealized derivative gains/losses). Sales volumes during the fourth quarter of 2009 averaged 7,446 boe/d versus 7,628 boe/d a year ago and 7,552 boe/d recorded in the third quarter of 2009. Angle posted a 2% decrease in sales volumes and a 15% price decline on a per boe basis with natural gas falling 37% and NGLs rising 22%, resulting in a 17% decrease in revenue from the comparable quarter in 2008.

On June 1, 2009, the Company acquired 550 boe/d, although 410 boe/d was immediately shut-in due to a plant fire at a third party processing facility in the Ferrier area. Angle immediately began evaluating and planning two pipeline projects to reroute its impacted production. The first 135 boe/d of impacted production was restored on July 20, 2009 with the remaining 275 boe/d of impacted production restored on September 27, 2009. The resulting impact was lost production of 135 and 291 boe/d during the second and third quarters, respectively.

During the three months ended December 31, 2009, Angle's product volume mix was 59% natural gas, 39% NGLs and 2% light crude oil.

Angle continues to have success in its development drilling program with volumes being tied in from both its Harmattan and Ferrier core areas. Ferrier contributed approximately 35% of the Company's total sales volumes during 2009, up from 28% in 2008, while the majority of the remaining sales volumes were from Harmattan. During the fourth quarter of 2009, Angle's first well at Lone Pine Creek was brought on production, contributing less than 1% of the Company's total sales volumes for the year.

For the year ended December 31, 2009, revenue was \$79,998,000 on an average sales volume of 7,528 boe/d compared to \$127,885,000 and 6,586 boe/d a year ago (after realized derivative gains/losses). The 37% revenue decrease resulted from a 45% decline in blended product pricing, partially offset by a 14% increase in sales volumes.

The Company's drilling operations primarily target natural gas that is rich in associated NGLs. Angle's NGLs are comprised of approximately 35% ethane, 26% propane, 15% butane and 24% condensate. The price received for its NGLs is based on this mix, with 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 Canada/U.S. currency exchange rate changes. All of the Company's production is sold through six purchasers.

The Company has fixed the price applicable to future sales through the following contract, on which \$226,000 in unrealized price gains had been recorded at December 31, 2009:

Natural Gas	Volume	Pricing Point	Strike Price	Term
Fixed Price/Financial	5,000 GJ/d	AECO	CDN\$5.535/GJ	Apr.1/10 – Oct.31/10

Royalties

	Three Months Ended December 31,		Years Ended December 31,	
	2009	2008	2009	2008
(000s)	(\$)	(\$)	(\$)	(\$)
Total revenue before realized and unrealized derivative (loss) gain	23,652	27,808	79,998	129,490
Royalties				
Crown	2,678	4,916	10,641	25,744
Other	2,720	2,919	9,261	14,869
Total royalties	5,398	7,835	19,902	40,613
	(%)	(%)	(%)	(%)
% of Revenue				
Crown	11	18	13	20
Other	12	10	12	11
Total	23	28	25	31

For the fourth quarter of 2009, the Company recorded total royalties of \$5,398,000 or 23% of revenue versus \$7,835,000 or 28% of revenue for the same period in 2008.

During the year ended December 31, 2009, total royalties were \$19,902,000 or 25% of revenue compared to \$40,613,000 or 31% of revenue a year ago.

Although other royalties are relatively consistent throughout the reporting periods presented, Angle's Crown royalties declined to 11% and 13% for the three months and year ended December 31, 2009, respectively, from an average of 18% and 20%, respectively, for the comparative periods a year ago. These decreases were due in part to the decline in product prices which, under the new royalty framework, results in lower royalty rates. In addition, during the second quarter of 2009, Angle received a favourable gas cost allowance annual adjustment of approximately \$750,000 related to 2008 and is also receiving higher monthly gas cost allowance credits. These factors have affected both the quarter and the year-end Crown royalty rates.

Operating Expenses

	Three Months Ended December 31,		Years Ended December 31,	
	2009	2008	2009	2008
(000s)	(\$)	(\$)	(\$)	(\$)
Operating expenses	3,008	3,237	12,335	11,614
Transportation expenses	245	309	977	823
Total operating expenses	3,253	3,546	13,312	12,437
Total operating expenses (\$/boe)	4.75	5.05	4.84	5.16

Total operating expenses were \$3,253,000 or \$4.75/boe for the 2009 three-month period versus \$3,546,000 or \$5.05/boe a year ago.

During the year ended December 31, 2009, the Company incurred operating expenses of \$13,312,000 or \$4.84/boe compared to \$12,437,000 or \$5.16/boe in 2008.

As a result of the Company's cost saving measures, Angle successfully reduced its operating expenses in both the three months and year ended December 31, 2009.

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

	Three Months Ended December 31,		Years Ended December 31,	
	2009	2008	2009	2008
(000s)	(\$)	(\$)	(\$)	(\$)
G&A expenses	2,033	2,036	7,772	6,032
G&A capitalized (direct)	(262)	(252)	(818)	(740)
G&A recoveries via operations	(95)	(284)	(604)	(969)
G&A expenses (net)	1,676	1,500	6,350	4,323

G&A net expenses totaled \$1,676,000 for the three months ended December 31, 2009 versus \$1,500,000 in the fourth quarter of 2008. Angle had 26 professional staff during the three-month period compared to 22 staff in the same period a year ago. During the final three months of 2009, the Company capitalized \$262,000 (2008 – \$252,000) in direct costs relating to its exploration and development staff salaries and \$95,000 (2008 – \$284,000) relating to operator recoveries on capital expenditures.

During the fourth quarter of 2009, Angle recorded non-cash stock-based compensation expense of \$525,000 (2008 – \$253,000) and capitalized \$157,000 (2008 – \$86,000) for total stock-based compensation of \$682,000 (2008 – \$339,000).

G&A net expenses totaled \$6,350,000 for the year ended December 31, 2009 compared to \$4,323,000 in 2008. The Company's G&A expenses and stock-based compensation rose in part due to an increase in staff required to properly manage increased activities as well as increased full year costs due to public reporting requirements. In addition, expenses rose during the period due to financing/standby fees for the new syndicated credit facility and related legal fees. During 2009, the Company capitalized \$818,000 (2008 – \$740,000) in direct costs relating to its exploration and development efforts and \$604,000 (2008 – \$969,000) relating to operator recoveries on capital expenditures.

During 2009, Angle recorded non-cash stock-based compensation expense of \$1,556,000 (2008 – \$1,221,000) and capitalized \$476,000 (2008 – \$351,000) for total stock-based compensation of \$2,032,000 (2008 – \$1,572,000). The increase in total stock-based compensation was due to a higher number of outstanding options related to increased staff levels in 2009 compared to 2008.

Interest Expense

Interest expense incurred during the year ended December 31, 2009 totaled \$245,000 (2008 – \$711,000) with the change resulting from the decreased use of credit facilities in 2009.

Netbacks (per unit)

	Three Months Ended December 31,		Years Ended December 31,	
	2009	2008	2009	2008
	(\$/boe)	(\$/boe)	(\$/boe)	(\$/boe)
Sales prices	34.53	40.74	29.11	53.06
Royalties	(7.88)	(11.16)	(7.24)	(16.85)
Operating	(4.75)	(5.05)	(4.84)	(5.16)
Operating netback	21.90	24.53	17.03	31.05
G&A and other (excludes non-cash items)	(2.45)	(2.14)	(2.31)	(1.79)
Interest expense	(0.14)	(0.03)	(0.09)	(0.30)
Funds flow netback ⁽¹⁾	19.31	22.36	14.63	28.96
Depletion, depreciation and accretion	(15.78)	(14.27)	(15.41)	(13.10)
Stock-based compensation	(0.77)	(0.36)	(0.57)	(0.51)
Unrealized (loss) gain on derivative instrument	0.33	(0.39)	0.08	--
Future tax recovery (expense)	(0.46)	(3.36)	0.17	(4.41)
Net income (loss) netback	2.63	3.98	(1.10)	10.94

(1) Non-GAAP measure: refer to disclosure on non-GAAP measure. Funds flow netback is calculated by dividing funds flow by the sales volume in boes 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.

Angle's operating netback was \$17.03/boe for the year ended December 31, 2009 compared to \$31.05/boe in 2008. The Company's operating netback was adversely impacted by the 45% decrease in commodity prices, slightly offset by lower Crown royalty rates, as a percentage of revenue, and lower operating expenses on a per unit basis.

Funds From Operations

Funds from operations totaled \$13,227,000 or \$0.27 per basic and diluted share during the fourth quarter of 2009 versus \$15,688,000 or \$0.41 per basic and \$0.40 per diluted share in the comparable period of 2008.

For the year ended December 31, 2009, the Company recorded funds from operations of \$40,154,000 or \$0.92 per basic and \$0.90 per diluted share compared to \$69,801,000 or \$1.91 per basic and \$1.86 per diluted share in 2008. 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 \$14,179,000 or \$0.29 per basic and diluted share during the fourth quarter of 2009 compared to cash flow from operating activities of \$13,892,000 or \$0.36 per basic and diluted share a year ago.

During the year ended December 31, 2009, the Company's cash flow from operating activities was \$27,843,000 or \$0.64 per basic and \$0.63 per diluted share versus \$73,317,000 or \$2.00 per basic and \$1.95 per diluted share in 2008.

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

	Three Months Ended December 31,		Years Ended December 31,	
	2009	2008	2009	2008
DD&A provision (\$000s)	10,809	10,018	42,350	31,575
DD&A provision (\$/boe)	15.78	14.27	15.41	13.10

The DD&A provision for the final quarter in 2009 was \$10,809,000 or \$15.78/boe compared to \$10,018,000 or \$14.27/boe recorded in the same period of 2008.

For the year ended December 31, 2009, the DD&A provision was \$42,350,000 or \$15.41/boe compared to \$31,575,000 or \$13.10/boe recorded in 2008. The increase in DD&A was primarily due to increased production volumes, combined with an increase in the per unit rate that resulted from lower reserves additions relative to capital expenditures due to unsuccessful exploratory drilling conducted during the first three months of 2009.

Income Taxes

Future income tax expense of \$318,000 was recognized for the three months ended December 31, 2009 compared to \$2,354,000 recorded in the same period of 2008.

During 2009, future tax reductions totaled \$459,000 versus a future income tax expense of \$10,622,000 recorded in 2008.

Year Ended December 31, 2009	Income Tax Deduction	Deduction Rate
	(\$000s)	(%)
Canadian Oil and Gas Property Expense (COGPE)	31,853	10
Canadian Development Expense (CDE)	69,289	30
Canadian Exploration Expense (CEE)	7,781	100
Undepreciated Capital Costs (UCC)	41,867	20-55
Share issue costs	5,818	20
	156,608	

Net Income (Loss)

The Company recorded net income of \$1,801,000 or \$0.04 per basic and diluted share during the fourth quarter of 2009 compared to \$2,790,000 or \$0.07 per basic and diluted share in the same period a year ago.

For the year ended December 31, 2009, Angle recorded a net loss of \$3,032,000 or \$0.07 per basic and diluted share versus net income of \$26,372,000 or \$0.72 per basic and \$0.70 per diluted share in 2008.

Liquidity and Capital Resources

The following table summarizes the change in working capital during the years ended December 31, 2009 and 2008:

Years Ended December 31,	2009	2008
(000s)	(\$)	(\$)
Working capital (deficiency) – beginning of year	(8,960)	(31,819)
Funds from operations	40,154	69,801
Issue of capital stock for cash (net of share issue expense)	71,636	38,695
Redemption of share capital	--	(5,760)
Derivative instruments	--	(11)
Capital expenditures	(64,575)	(79,866)
Working capital (deficiency) – end of year	38,255	(8,960)

Since inception on January 23, 2004 to December 31, 2009, Angle has raised funds through treasury equity issues in the amount of \$178,867,000 (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 2009 with positive working capital of \$38,255,000 compared to available credit lines of \$88,000,000. Shortly after year-end, Angle closed the acquisition of Stonefire Energy Corp. for total cash consideration of approximately \$75,000,000, including the assumption of \$28,350,000 in net debt and transaction costs. An additional increase in the credit facility borrowing base to \$110,000,000 occurred after this acquisition closed.

The amount of the credit facility is subject to a borrowing base test performed on a semi-annual 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. In March 2010, the semi-annual review was completed, and Angle's credit facility will be increased to \$120,000,000.

Other liabilities included in working capital 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 facilities.

In order to protect a portion of the Company's revenue stream, Angle will periodically enter into forward sales contracts for its commodities. At December 31, 2009, the Company had entered into a fixed price contract on a portion of its production for the period April 1 to October 31, 2010 (see "Financial and Operating Results of Oil and Gas Activities" above).

On August 4, 2009, the Board of Directors of Angle authorized that the Company's share appreciation rights ("SARs") plan be terminated in accordance with the terms of that plan. As a result, 845,250 options were subsequently issued on August 7, 2009 to replace the SARs previously outstanding to employees and officers of the Company, and cash payments totaling \$35,000 were made relating to in-the-money vested options deemed exercised upon collapse of the plan.

The Company's normal course issuer bid was initiated in September 2008 and expired on September 23, 2009. Angle repurchased and cancelled a total of 1,425,500 shares under this bid with all purchases and cancellations occurring in 2008.

As at March 19, 2010, Angle had 54,759,598 common shares and 4,403,450 stock options issued and outstanding.

Selected Quarterly Information

Three Months Ended	Dec. 31,	Sep. 30,	Jun. 30,	Mar. 31,	Dec. 31,	Sep. 30,	Jun. 30,	Mar. 31,
	2009	2009	2009	2009	2008	2008	2008	2008
<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	246,465	212,040	212,578	191,682	186,985	192,179	173,188	148,891
Total sales <i>(boe/d)</i>	7,446	7,552	7,472	7,645	7,628	7,280	5,965	5,450
Oil and gas revenues	23,652	17,483	17,405	21,458	28,591	39,243	33,896	22,484
Funds from operations	13,227	8,699	8,539	9,689	15,688	21,017	18,970	14,126
Per share – basic	0.27	0.19	0.21	0.25	0.41	0.54	0.55	0.41
Cash flow from operating activities	14,179	4,907	(3,799)	12,556	13,892	31,770	16,172	11,483
Net income (loss)	1,801	(1,896)	(2,248)	(689)	2,790	13,071	7,527	2,984
Per share – basic	0.04	(0.04)	(0.05)	(0.02)	0.07	0.34	0.22	0.09
Capital expenditures	8,284	9,496	29,020	17,775	17,608	23,510	21,712	17,036
Working capital (deficiency)	38,255	(9,350)	(9,228)	(17,046)	(8,960)	(10,680)	(11,156)	(36,393)
Shareholders' equity	212,201	166,374	167,231	140,260	143,057	135,854	122,108	84,626

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, 2009 and 2008, except for funds from operations, which is a non-GAAP measure.

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. During 2009, Angle's revenue stream was negatively impacted by the decrease in commodity prices experienced by the industry as a whole. During the second quarter of 2009, the Company experienced production downtime due to mechanical failures at its processing facilities in both the Harmattan and Ferrier core producing areas. In addition, future income tax estimates and changes in estimates contributed to the changes in net earnings. 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,	2009	2008	2007	2006	2005
<i>(000s, except per share data)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>
Total sales <i>(boe/d)</i>	7,528	6,586	3,334	1,281	14
Oil and gas revenues	79,998	127,885	55,683	19,621	286
Funds from operations	40,154	69,801	29,663	7,985	(613)
Per share – basic	0.92	1.91	0.91	0.28	(0.03)
Net income (loss)	(3,032)	26,372	9,650	1,543	(778)
Per share – basic	(0.07)	0.72	0.30	0.05	(0.04)
Capital expenditures	64,575	79,866	59,110	57,821	25,177
Working capital (deficiency)	38,255	(8,960)	(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 each of the respective years ended December 31.

Contractual Obligations

The Company has a committed revolving term facility with a Canadian bank. The authorized borrowing amount under this facility as at December 31, 2009 was \$88,000,000. The Company's commitments are summarized below:

	2010	2011	2012	2013	2014
<i>(000s)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>
Operating lease – office	728	798	687	687	630
Operating lease – compressors	560	447	--	--	--
Total	1,288	1,245	687	687	630

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 the year ended December 31, 2009, Angle incurred \$562,000 in costs with Osler (2008 – \$548,000). 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 2010.

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. These estimates are subject to measurement uncertainty and 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.

Financial Instruments

Derivative contracts are recorded at fair value 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. The actual amounts received or paid to settle these instruments at maturity could differ significantly from those estimated.

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 Standards

Goodwill and Intangible Assets

Effective January 1, 2009, Angle adopted the CICA Handbook Section 3064, "Goodwill and Intangible Assets". The new standard replaces the previous goodwill and intangible asset standard and revises the requirement for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard has no current impact on the Company's consolidated financial statements and was adopted prospectively.

Financial Instruments – Disclosures

During 2009, amendments were made to Handbook Section 3862, "Financial Instruments – Disclosures". The amendments include additional disclosure requirements regarding fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. This standard was adopted effective December 31, 2009 and resulted in increased disclosure.

Future Accounting Policy Changes

Business Combinations

In December 2008, the CICA issued Handbook Section 1582, "Business Combinations", which requires all assets and liabilities of an acquired business be recorded at fair value at acquisition. Obligations for contingent consideration and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition related costs are expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. The standard applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011 with earlier adoption permitted. Angle is currently assessing the impact of the new standard on its consolidated financial statements.

Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the CICA issued Handbook Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests". Section 1601 establishes the standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in consolidated financial statements subsequent to a business combination. These standards apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011 with earlier adoption permitted. Angle is currently assessing the impact of these new standards on its consolidated financial statements.

Transition to International Financial Reporting Standards

On January 1, 2011, International Financial Reporting Standards ("IFRS") will become the generally accepted accounting principles in Canada. The adoption date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by Angle for the year ended December 31, 2010, including the opening balance sheet as at January 1, 2010.

Although IFRS is principles-based and uses a conceptual framework similar to Canadian GAAP, there are significant differences and choices in accounting policies as well as increased disclosure requirements under IFRS. As a result, 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.

Throughout 2009, the Company has been assessing the impact of adopting IFRS and is continuing to implement plans for transition. The project is being managed by an in-house team of accounting professionals who have engaged in IFRS educational programs and continue to develop the Company's adoption to IFRS. The Company's auditors will be involved throughout the process to ensure Angle's policies are in accordance with these new standards. Management has not yet finalized its accounting policies, and as such, is currently unable to quantify the impact of adopting IFRS on the financial statements.

In July 2009, the International Accounting Standards Board ("IASB") published amendments to the IFRS 1 deemed cost exemption. The amendment permits the Company to allocate the Company's full cost pool under existing GAAP using its current reserves volumes or reserves values at the transition date, with the provision that an impairment test, under IFRS standards, be conducted at the transition date. IFRS 1 also provides a number of other optional exemptions and mandatory exceptions in certain areas to the general requirement for full retrospective application. Management is analyzing the various accounting policy choices available and will implement those determined to be the most appropriate for the Company.

At this time, Angle has identified key differences that will impact the financial statements as follows:

- Exploration and Evaluation ("E&E") expenditures. On transition to IFRS, Angle will reclassify all E&E expenditures that are currently included in the property, plant and equipment ("PP&E") balance on the consolidated balance sheet. This will consist of the book value of undeveloped land and unevaluated seismic data that relates to exploration properties. E&E assets will not be depleted and must be assessed for impairment when indicators of impairment exist.
- Depletion expense. On transition to IFRS, Angle has the option to base the depletion calculation on either proved reserves or proved plus probable reserves. Angle has not concluded at this time which method it will use.
- Impairment of PP&E assets. Under IFRS, impairment tests of PP&E must be performed at the cash generating unit level using either total proved or proved plus probable reserves. Canadian GAAP allows an impairment test to be performed on a county cost centre basis.

- Due to the recent withdrawal of the exposure draft on IAS 12 "Income Taxes" in November 2009 and the issuance of the exposure draft on IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" in January 2010, management is still determining the impact of these revised standards on its IFRS transition.

Angle is determining which additional changes to internal controls over financial reporting will be required to deal with the changes in accounting policies. This will be ongoing throughout 2010 to ensure all changes in accounting policies include appropriate additional controls and procedures for future IFRS reporting requirements. Angle is also assessing stakeholders' information requirements to ensure that appropriate and timely information is provided for disclosures once available.

Throughout 2010, Angle will be assessing the impact that the adoption of IFRS will have on its accounting system. Modifications will be required to allow the Company to report both Canadian GAAP and IFRS statements and track E&E costs, transfer from E&E to PP&E and allocation of PP&E into cash generating units.

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, 2009. No changes were made to the Company's internal controls over financial reporting during the year ended December 31, 2009 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 continued 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.

Credit Risk

Substantially all of the Company's petroleum and natural gas production is marketed under standard industry terms. Management monitors purchaser credit positions to mitigate any potential credit losses. 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.

Liquidity Risk

Liquidity risk relates to the risk the Company will encounter should it have difficulty in meeting obligations associated with the financial liabilities. 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.

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 may use financial derivative contracts to manage market 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. The Company attempts to mitigate commodity price risk through the use of financial derivative contracts.

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, 2009.

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, 2009. With regards to interest rate risk, a change of 1% in the effective interest rate would impact net earnings by approximately \$56,000 in 2009, based on average debt outstanding during the year.

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 infrastructure or mid-stream operators.

Operational and Environmental Risks

The Company manages operational risks by employing skilled professionals utilizing leading-edge technology and conducting regular maintenance and training programs. Angle has established an 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 19, 2010

CONSOLIDATED BALANCE SHEETS

As at December 31,	2009	2008
(000s)	(\$)	(\$)
Assets		
Current		
Cash and cash equivalents	34,644	939
Accounts receivable	11,988	12,496
Prepaid expenses and other	3,722	1,266
Derivative instruments (note 9)	226	--
	50,580	14,701
Property and equipment (note 3)	195,885	172,284
	246,465	186,985
Liabilities		
Current		
Accounts payable and accrued liabilities	12,099	23,661
	12,099	23,661
Future tax liability (note 7)	19,453	18,288
Asset retirement obligations (note 5)	2,712	1,979
	34,264	43,928
Shareholders' equity		
Share capital (note 6)	175,710	104,995
Contributed surplus (note 6)	5,118	3,657
Retained earnings	31,373	34,405
	212,201	143,057
	246,465	186,985

Commitments (note 11)

Subsequent event (note 12)

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,	2009	2008
<i>(000s, except per share data)</i>	(\$)	(\$)
Revenue		
Oil and gas revenues	79,998	129,490
Realized derivative instrument loss	--	(1,616)
Unrealized derivative instrument gain	226	--
	80,224	127,874
Royalty expense	(19,902)	(40,613)
	60,322	87,261
Expenses		
Operating	13,312	12,437
General and administrative	6,350	4,323
Interest	245	711
Stock-based compensation <i>(note 6)</i>	1,556	1,221
Depletion, depreciation and accretion	42,350	31,575
	63,813	50,267
Income before income taxes	(3,491)	36,994
Income taxes		
Future tax expense (reduction) <i>(note 7)</i>	(459)	10,622
Net income (loss) for the year	(3,032)	26,372
Retained earnings – beginning of year	34,405	10,158
Less: Excess of cost of shares acquired over stated value <i>(note 6)</i>	--	(2,125)
Retained earnings – end of year	31,373	34,405
Net income (loss) per share <i>(note 6)</i>		
Basic	(0.07)	0.72
Diluted	(0.07)	0.70

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, (000s)	2009 (\$)	2008 (\$)
Cash provided by (used in):		
Operating activities		
Net income (loss) for the year	(3,032)	26,372
Cash settlement of share appreciation rights plan <i>(note 6)</i>	(35)	--
Add back non-cash items:		
Depletion, depreciation and accretion	42,350	31,575
Stock-based compensation	1,556	1,221
Unrealized loss (gain) on derivative instruments <i>(note 9)</i>	(226)	11
Future income tax (reduction)	(459)	10,622
	40,154	69,801
Change in non-cash working capital <i>(note 8)</i>	(12,311)	3,516
	27,843	73,317
Financing activities		
Issue of common shares, net of share issue expenses	71,636	38,695
Redemption of share capital	--	(5,760)
Decrease in bank debt	--	(25,770)
Change in non-cash working capital <i>(note 8)</i>	68	46
	71,704	7,211
Investing activities		
Property and equipment additions	(42,124)	(79,866)
Property and equipment acquisitions	(22,451)	--
Change in non-cash working capital <i>(note 8)</i>	(1,267)	277
	(65,842)	(79,589)
Net increase in cash	33,705	939
Cash – beginning of year	939	--
Cash – end of year	34,644	939

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

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. A 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

Under the Company's stock option plan described in note 6, options to purchase common shares 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 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. Upon the exercise of the stock options, 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 that will not vest; rather, the Company accounts for the forfeitures as they occur. In the event that vested options expire, previously recognized compensation expense associated with such stock options is not reversed. In the event that options are forfeited, previously recognized compensation expense associated with the unvested portion of such stock options 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 the 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 is 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, is 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 or warrants 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 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.

The fair value estimates for derivatives are based on expected future natural gas prices and volatility in those prices. 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.

(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 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 are recognized in net income at the time each transaction under a contract is settled.

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.

(l) New Accounting Standards

(i) Goodwill and Intangible Assets

Effective January 1, 2009, Angle adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, "Goodwill and Intangible Assets". The new standard replaces the previous goodwill and intangible asset standard and revises the requirement for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard has no current impact on the Company's consolidated financial statements and was adopted prospectively.

(ii) Financial Instruments – Disclosures

During 2009, amendments were made to CICA Handbook Section 3862, "Financial Instruments – Disclosures". The amendments include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements.

2. Accounting Policies (continued)

(m) Future Accounting Changes

(i) 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. Although IFRS is principles-based and uses a conceptual framework similar to Canadian GAAP, there are significant differences and choices in accounting policies as well as increased disclosure requirements under IFRS. Angle is currently assessing the impact of the conversion from Canadian GAAP to IFRS on its consolidated financial statements.

(ii) Business Combinations

In December 2008, the CICA issued Handbook Section 1582, "Business Combinations", which requires all assets and liabilities of an acquired business be recorded at fair value at acquisition. Obligations for contingent consideration and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition related costs are expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. The standard applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011 with earlier adoption permitted. Angle is currently assessing the impact of the new standard on its consolidated financial statements.

(iii) Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the CICA issued Handbook Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests". Section 1601 establishes the standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in consolidated financial statements subsequent to a business combination. These standards apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011 with earlier adoption permitted. Angle is currently assessing the impact of these new standards on its consolidated financial statements.

3. Property and Equipment

	Cost	Accumulated Depletion and Amortization	Net Book Value
(000s)	(\$)	(\$)	(\$)
December 31, 2009			
Petroleum and natural gas properties	289,908	94,765	195,143
Office equipment	1,137	395	742
	291,045	95,160	195,885
December 31, 2008			
Petroleum and natural gas properties	224,581	52,833	171,748
Office equipment	727	191	536
	225,308	53,024	172,284

The Company capitalized \$818,000 (2008 – \$740,000) of direct general and administrative costs, \$476,000 (2008 – \$351,000) of stock-based compensation expense and \$604,000 (2008 – \$969,000) of operator overhead related to its exploration and development activity for the year ended December 31, 2009.

3. Property and Equipment (continued)

Unevaluated and undeveloped properties with a cost of \$18,961,000 (2008 – \$14,852,000), 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, 2009. As at year-end, future development costs totaling \$20,821,000 (2008 – \$8,208,000) were included in amounts subject to depletion.

On June 1, 2009, the Company closed an acquisition of producing assets in the Ferrier area for net cash consideration of \$22,451,000.

The Company performed a ceiling test calculation at December 31, 2009 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)
2010	5.94	50.57
2011	6.78	53.22
2012	6.89	54.63
2013	6.94	55.91
2014 *	7.05	57.28

* Thereafter increases by 2%.

4. Bank Debt

The Company has a revolving committed credit facility with two banks with a borrowing base of \$88,000,000. An additional increase in the borrowing base to \$110,000,000 occurred on January 12, 2010, following the acquisition of Stonefire Energy Corp. (see note 12). The next review of the credit facility is scheduled to take place on or before April 30, 2010 and had commenced as of the date of this report.

The credit facility may be extended and revolve beyond the initial one-year period, if requested by the Company and accepted by the lenders. If the credit facility does not continue to revolve, the facility will convert to a 366-day non-revolving term loan facility. 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.

The credit facility provides that advances may be made by way of direct advances or bankers' acceptances. Direct advances bear interest at the bank's prime rate plus 1.0% unless the consolidated total debt to cash flow ratio exceeds 1.0 to 1.0, in which case the interest rate is the bank's prime rate plus 1.25%. For purposes of this calculation, consolidated total debt is defined as total liabilities less current assets and cash flow is defined as cash flow from operations for the last two quarters multiplied by 2 (annualized). 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 2.5% at greater than 2.5 to 1.0. 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% (2008 – 2%) and a credit adjusted risk-free interest rate of 8% to 10% (2008 – 8% to 10%) to discount the future estimated cash flows of \$6,042,000 (2008 – \$4,622,000) of which the majority of costs are expected to be incurred over a period of one to 25 years. For the years ended December 31, 2009 and 2008, the obligation was as follows:

Years Ended December 31,	2009	2008
(000s)	(\$)	(\$)
Balance – beginning of year	1,979	1,403
Change in estimates	(385)	(331)
Liabilities incurred	904	760
Accretion of asset retirement obligation	214	147
Balance – end of year	2,712	1,979

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,	2009		2008	
	Shares	Amount	Shares	Amount
	(#)	(\$000s)	(#)	(\$000s)
Common Shares				
Balance – beginning of year	39,296,574	104,995	34,522,908	69,922
Common shares issued (ii)	15,184,558	76,384	4,311,166	32,306
Common shares repurchased	--	--	(1,425,500)	(3,635)
Flow-through shares issued	--	--	1,888,000	10,006
Tax effect of flow-through shares (i)	--	(2,516)	--	(1,199)
Share issue costs (ii)	--	(4,212)	--	(3,321)
Tax benefit of share issue costs	--	1,059	--	916
Balance – end of year	54,481,132	175,710	39,296,574	104,995

(i) Flow-Through Shares

In January 2009, the Company renounced the \$10,006,000 in qualified exploration expenditures for the 1,888,000 flow-through common shares issued in December 2008, and the related tax effect of the transaction was booked at that time.

(ii) Private Placements

In May 2009, the Company issued 6,666,724 special warrants at a price of \$4.50 per special warrant, for total proceeds of \$30,000,000 (\$28,225,000 net of issue costs). Upon exercise, or deemed exercise, each special warrant was convertible to one common share. All special warrants were deemed exercised and converted to common shares in June 2009.

In June 2009, the Company issued 41,667 common shares, resulting from the exercise of stock options, for cash proceeds of \$42,000 and previously recognized stock-based compensation expense of \$19,000.

6. Share Capital (continued)

(b) Issued (continued)

(ii) Private Placements (continued)

In July 2009, the Company issued 665,000 common shares, resulting from the exercise of stock options, for cash proceeds of \$665,000 and previously recognized stock-based compensation expense of \$299,000.

In September 2009, the Company issued 41,667 common shares, resulting from the exercise of stock options, for cash proceeds of \$42,000 and previously recognized stock-based compensation expense of \$19,000.

In October 2009, the Company issued 127,000 common shares, resulting from the exercise of stock options, for cash proceeds of \$391,000 and previously recognized stock-based compensation expense of \$199,000.

In December 2009, the Company issued 7,642,500 common shares at a price of \$5.85 per common share for gross proceeds of \$44,708,000 (\$42,271,000 net of issue costs).

(c) Contributed Surplus

Years Ended December 31,	2009	2008
(000s)	(\$)	(\$)
Balance – beginning of year	3,657	2,381
Stock-based compensation – options	1,393	976
Reduction due to exercise of options	(536)	(296)
Stock-based compensation – share appreciation rights	639	596
Reduction due to cash settlement of share appreciation rights plan	(35)	--
Balance – end of year	5,118	3,657

(d) Per Share Amounts

For the year ended December 31, 2009, net income (loss) per common share is calculated using the weighted average number of shares outstanding of 43,747,835 (basic and diluted) (December 31, 2008 – 36,575,733 basic and 37,579,728 diluted). Outstanding options are anti-dilutive instruments because the Company realized a net loss in the year ended December 31, 2009.

For the three months ended December 31, 2009, net income (loss) per common share is calculated using the weighted average number of shares outstanding of 48,150,676 (basic and diluted) (December 31, 2008 – 38,295,265 basic and 39,048,112 diluted). Outstanding options are anti-dilutive instruments because the Company realized a net loss in the three months ended December 31, 2009.

(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, 2009:

	Options (#)	Weighted Average Exercise Price (\$)
Outstanding at December 31, 2007	3,120,000	2.46
Granted in the year	405,000	4.24
Exercised in the year	(351,666)	(1.85)
Forfeited in the year	(228,334)	(2.04)
Outstanding at December 31, 2008	2,945,000	2.81
Granted in the year	2,547,750	4.91
Exercised in the year	(875,334)	(1.30)
Forfeited in the year	(236,500)	(6.32)
Outstanding at December 31, 2009	4,380,916	4.14

Exercise Price (\$)	Outstanding (#)	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (\$)	Exercisable (#)	Weighted Average Exercise Price (\$)
As at December 31, 2009					
1.00 – 2.79	96,666	0.3	1.00	96,666	1.00
2.80 – 4.59	3,359,500	3.0	3.90	1,624,000	3.44
4.60 – 6.39	924,750	4.3	5.35	88,249	5.30
	4,380,916	3.2	4.14	1,808,915	3.40
As at December 31, 2008					
1.00 – 2.79	845,000	0.7	1.00	845,000	1.00
2.80 – 4.59	2,025,000	2.8	3.47	1,150,000	3.26
4.60 – 6.39	75,000	4.4	5.30	--	--
	2,945,000	2.2	2.81	1,995,000	2.30

The fair value of common share options granted during the year ended December 31, 2009 was estimated to be \$4,499,000 or \$2.64 per weighted average option (2008 – \$793,000 or \$1.96 per weighted average option) as at the date of grant using the Black-Scholes pricing model and the following average assumptions:

Years Ended December 31,	2009	2008
Risk-free interest rate (%)	2.45	4.18
Expected life (years)	5.00	5.00
Expected volatility (%)	64.25	47.00

6. Share Capital (continued)

(f) Share Appreciation Rights Outstanding

On August 4, 2009, the Board of Directors of Angle authorized that the Company's share appreciation rights ("SARs") plan be terminated in accordance with the terms of that plan. As a result, 845,250 options were subsequently issued on August 7, 2009 to replace the SARs previously outstanding to employees and officers of the Company and cash payments totaling \$35,000 were made relating to vested in-the-money SARs deemed exercised upon collapse of the plan.

The termination of the SARs plan and the subsequent replacement option grants have been accounted for as a modification of the awards.

(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 or risk being incurred in its capital expenditures.

In the management of capital, the Company includes share capital of \$175,710,000 and net debt or working capital of \$38,255,000 (defined as the sum of current assets, current liabilities and bank debt, excluding derivative instruments) 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, 2009 was \$40,154,000 (2008 – \$69,801,000) and the Company exited the year with positive working capital of \$38,255,000 (2008 – net debt of \$8,960,000).

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 differentials.

The Company's 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 was initiated in September 2008 and expired on September 23, 2009. This action was taken because management and the directors of the Company believed that common shares may become available during the proposed purchase period at prices that would 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 2009, 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 income (loss) before income taxes. These differences are explained as follows:

Years Ended December 31,	2009	2008
(000s)	(\$)	(\$)
Income (loss) before income tax	(3,491)	36,994
Tax rate	29.00%	29.50%
Computed income tax provision	(1,012)	10,913
Increase (decrease) in income taxes resulting from:		
Rate adjustment	(94)	(588)
Stock-based compensation	451	360
Other	159	(79)
Non-deductible expenses	37	16
	(459)	10,622

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,	2009	2008
(000s)	(\$)	(\$)
Future income tax assets (liabilities)		
Share issue costs	1,551	1,071
Net book value of property and equipment in excess of tax basis	(20,941)	(19,359)
Other	(63)	--
Future income tax asset (liability)	(19,453)	(18,288)

8. Changes in Non-Cash Working Capital

Years Ended December 31,	2009	2008
(000s)	(\$)	(\$)
Accounts receivable	508	(2,226)
Prepaid expenses and other	(2,456)	(146)
Accounts payable and accrued liabilities	(11,562)	6,211
	(13,510)	3,839

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

Years Ended December 31,	2009	2008
(000s)	(\$)	(\$)
Operating	(12,311)	3,516
Financing	68	46
Investing	(1,267)	277
	(13,510)	3,839

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) Fair Value of Financial Assets and Liabilities

Financial instruments of the Company consist primarily of cash and cash equivalents, accounts receivable, accounts payable and derivative natural gas contracts. The fair values of these instruments, excluding derivative natural gas contracts, approximate their carrying amounts due to their short term to maturity.

Angle's derivative natural gas contracts, which are recorded at fair value on a recurring basis, have been classified as one of following three categories based on fair value hierarchy in accordance with CICA Handbook Section 3862, "Financial Instruments – Disclosures":

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Angle's derivative natural gas contracts have been classified as Level 2 as the estimation of fair value incorporates forward prices. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the placement within the fair value hierarchy level.

(b) 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, 2009, of the accounts receivable balance of \$11,988,000, 95% was current, 2% 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.

9. Financial Instruments (continued)

(c) 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 consist 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.

(d) 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 may utilize financial derivative contracts to manage market risk. All such transactions are conducted in accordance with the risk management policy that has been approved by the Board of Directors.

(i) Commodity Price Risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in the commodity prices. Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollar, as outlined below, but also global economic events that dictate the levels of supply and demand. The Company has attempted to mitigate commodity price risk through the use of financial derivative contracts. As at December 31, 2009, the Company had fixed the price applicable to future production through the following contract:

Natural Gas	Volume	Pricing Point	Strike Price	Term
Fixed Price/Financial	5,000 GJ/d	AECO	CDN\$5.535/GJ	Apr.1/10 – Oct.31/10

The fair value of this contract as at December 31, 2009 was an asset of \$226,000.

(ii) Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company does not sell or transact in any foreign currency; however, the United States dollar influences the price of petroleum and natural gas sold in Canada. The Company's financial assets and liabilities are not affected by a change in currency rates. The Company had no foreign exchange contracts in place at December 31, 2009.

(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, 2009. With regards to interest rate risk, a change of 1% in the effective interest rate would impact net earnings by approximately \$56,000 annually, based on average debt outstanding in 2009.

10. Related Parties

During 2009, expenses and share issue costs were recorded totaling \$562,000 (2008 – \$548,000) that were charged to the Company by a legal firm of which a Director of the Company is a partner, and \$115,000 (2008 – \$34,000) remained in accounts payable at December 31, 2009. 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 2014 and three compressors that expire in 2011. Future minimum lease payments under the leases are as follows:

(000s)	(\$)
2010	1,288
2011	1,245
2012	687
2013	687
2014	630
	<u>4,537</u>

12. Subsequent Event

In late December 2009, the Company entered into an arrangement for the purchase of Stonefire Energy Corp., a publicly traded oil and gas company. On January 12, 2010, the acquisition successfully closed for total consideration of approximately \$75,000,000, including the assumption of approximately \$28,350,000 in net debt and transaction costs.

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 may contain forward-looking statements with respect to Angle and its operations and may contain reserves, resources 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 and the Annual Information Form. 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.

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