

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "U.S. Securities Act") or any state securities laws and, except as permitted by the Underwriting Agreement (defined herein) and pursuant to certain exemptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S of the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in the United States. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Corporation at Suite 700, 324 – 8th Avenue S.W., Calgary, Alberta T2P 2Z2, telephone: (403) 263-4534 and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

June 22, 2010



ANGLE ENERGY INC.

\$55,300,000
7,000,000 Subscription Receipts
each representing the right to receive one Common Share

Price: \$7.90 per Subscription Receipt

This short form prospectus qualifies for distribution 7,000,000 subscription receipts ("**Subscription Receipts**") of Angle Energy Inc. ("**Angle**" or the "**Corporation**") at a price of \$7.90 per Subscription Receipt (the "**Offering Price**"). Each Subscription Receipt will entitle the holder thereof to receive, without payment of additional consideration or further action, one common share ("**Common Share**") of the Corporation upon the closing of the acquisition (the "**Acquisition**") by the Corporation of certain petroleum and natural gas properties and related assets currently owned by certain intermediate oil and gas entities described in more detail under "*The Acquisition*". The proceeds from the sale of the Subscription Receipts (the "**Escrowed Funds**") will be held by Valiant Trust Company, as escrow agent (the "**Escrow Agent**"), and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments) pending completion of the Acquisition. Upon the closing of the Acquisition on or before 5:00 p.m. (Calgary time) on June 30, 2010, the Escrowed Funds and the interest thereon will be released to the Corporation and each holder of Subscription Receipts will receive one Common Share for each Subscription Receipt held, without payment of additional consideration or further action. The Corporation will utilize the Escrowed Funds to pay a portion of the purchase price for the Acquisition.

If: (i) the closing of the Acquisition does not occur by 5:00 p.m. (Calgary time) on June 30, 2010, or such other date not later than July 7, 2010 as agreed to by the Corporation and the Vendors, (ii) the Acquisition is terminated in accordance with the terms of the Acquisition Agreement (as defined herein) at any earlier time, (iii) a party to the Acquisition has disclosed to the public that it does not intend to proceed with the Acquisition, or (iv) the Corporation has advised the Underwriters (as defined herein) that it does not intend to proceed with the Acquisition (in each case, the "**Termination Time**"), then holders of Subscription Receipts shall be entitled to receive an amount per Subscription Receipt equal to the Offering Price and a *pro rata* share of interest earned thereon. The Escrowed Funds will be applied towards payment of such amount. In the event that the Acquisition closes concurrently with the closing of the Offering, the Corporation will issue Common Shares, rather than Subscription Receipts, to subscribers in this Offering.

The issued and outstanding Common Shares are listed on the Toronto Stock Exchange (the “TSX”) under the trading symbol “NGL”. On June 21, 2010, the last trading day prior to the filing of the short form prospectus, the closing price of the Common Shares on the TSX was \$8.05 per Common Share. The TSX has conditionally approved the listing of the Subscription Receipts and the Common Shares issuable pursuant to the Subscription Receipts distributed under this prospectus on the TSX. Listing of such securities is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before September 9, 2010.

There is no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this short form prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”.

The terms of the Subscription Receipts offered hereunder were determined by negotiation among the Corporation, FirstEnergy Capital Corp. and Cormark Securities Inc. (the “Co-Lead Underwriters”) on their own behalf and on behalf of Dundee Securities Corporation, BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc. and Peters & Co. Limited (collectively, the “Underwriters”).

	<u>Offering Price to the Public</u>	<u>Underwriters’ Fee⁽¹⁾</u>	<u>Net Proceeds to the Corporation⁽²⁾</u>
Per Subscription Receipt	\$7.90	\$0.395	\$7.505
Total ⁽³⁾	\$55,300,000	\$2,765,000	\$52,535,000

Notes

- (1) The Underwriters’ fee with respect to the Subscription Receipts is payable 50% upon the closing of the Offering and 50% upon the release of the Escrowed Funds to the Corporation. If the Termination Time occurs, then the Underwriters’ fee with respect to the Subscription Receipts will be reduced to the amount payable upon the closing of the Offering.
- (2) Excluding interest, if any, on the Escrowed Funds and before deducting expenses of the Offering, estimated to be \$450,000, which will be paid from the general funds of the Corporation.
- (3) The Corporation has granted to the Underwriters an over-allotment option (the “Over-allotment Option”) to purchase up to an additional 1,050,000 Subscription Receipts or Common Shares, if the Over-allotment Option is exercised after the completion of the Acquisition, representing up to 15% of the Offering at the discretion of the Underwriters at a price equal to the Offering Price per Subscription Receipt or Common Share, as applicable, on the same terms and conditions as the Offering. The Over-allotment Option is exercisable, in whole or in part, at any time within 30 days from the closing date of the Offering to cover over-allotments, if any, and for consequential market and stabilization purposes. If the Underwriters exercise the Over-allotment Option in full, the total Offering price to the public, the Underwriters’ fee and net proceeds to the Corporation (before deducting expenses) will be \$63,595,000, \$3,179,750 and \$60,415,250, respectively. This short form prospectus also qualifies the grant of the Over-allotment Option and the distribution of any Subscription Receipts or Common Shares, as applicable, issued pursuant to the exercise of the Over-allotment Option. See “Plan of Distribution”.

The following table sets forth the number of Subscription Receipts that may be issued by the Corporation pursuant to the Over-allotment Option:

<u>Underwriters’ Position</u>	<u>Maximum Number of Securities</u>	<u>Exercise Period/ Acquisition Date</u>	<u>Exercise Price</u>
Over-allotment Option	1,050,000 Subscription Receipts (or Common Shares, as applicable)	30 days from closing of the Offering	\$7.90 per Subscription Receipt (or Common Share, as applicable)

A purchaser who acquires Subscription Receipts (or Common Shares, as applicable) forming part of the Underwriters’ over-allocation position acquires such securities under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-allotment Option or secondary market purchases.

The Underwriters, as principals, conditionally offer the Subscription Receipts, subject to prior sale, if, as and when issued by the Corporation and delivered and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “*Plan of Distribution*” and subject to approval of certain legal matters relating to the Offering on behalf of the Corporation by Osler, Hoskin & Harcourt LLP and on behalf of the Underwriters by McCarthy Tétrault LLP. The Subscription Receipts shall be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the receipt for the final short form prospectus.

CIBC World Markets Inc. is, directly or indirectly, a wholly-owned subsidiary of a Canadian chartered bank that is a lender to the Corporation. Consequently, the Corporation may be considered to be a connected issuer of CIBC World Markets Inc. for the purposes of securities regulations in certain provinces. See “*Relationship Between the Corporation and Certain Underwriters*” and “*Use of Proceeds*”.

The Underwriters propose to offer the Subscription Receipts initially at the Offering Price. After a reasonable effort has been made to sell all the Subscription Receipts at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Subscription Receipts remaining unsold. Any such reduction will not affect the proceeds received by the Corporation. See “*Plan of Distribution*”.

Subscriptions for Subscription Receipts will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing will occur on or about June 30, 2010 (the “**Closing Date**”) or such other date not later than July 7, 2010 as the Corporation and the Underwriters may agree. Except in certain limited circumstances, including where a Subscription Receipt certificate requires the addition of a legend under applicable securities laws in the United States: (i) Subscription Receipts will be represented by a global certificate issued in registered form to the CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee under the book-based system administered by CDS, (ii) no certificates evidencing Subscription Receipts will be issued to subscribers for Subscription Receipts, and (iii) subscribers for Subscription Receipts will receive only a customer confirmation from the Underwriters or another registered dealer who is a CDS participant and from or through whom a beneficial interest in the Subscription Receipts is purchased. See “*Description of Subscription Receipts*”. Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Subscription Receipts or the Common Shares at levels other than those that might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”.

An investment in the Subscription Receipts and the Common Shares issuable pursuant to the Subscription Receipts is speculative due to the nature of the Corporation’s involvement in the exploration for, and the acquisition, development and production of, oil and natural gas reserves and resources. The Corporation’s business is subject to certain risks relating to the Acquisition and the risks normally encountered in the oil and natural gas industry such as the marketability of oil and natural gas, competition with companies having greater resources, acquisition, exploration and production risks, need for capital, fluctuations in the market price and demand for oil and natural gas and the regulation of the oil and natural gas industry by various levels of government. The reserve, recovery and production information contained herein and incorporated by reference in this short form prospectus are estimates only and the actual production and ultimate reserves recovered from the Corporation’s properties or the Acquired Assets (as defined herein) may be greater or less than the estimates contained in this short form prospectus. The success of acquisitions and further exploration or development projects cannot be assured. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation. See “*Risk Factors*”.

Investors should rely only on the information contained in this short form prospectus and the documents incorporated by reference herein. The Corporation has not authorized anyone to provide investors with different information. The Corporation is not offering the Subscription Receipts in any jurisdiction in which the Offering is not permitted. Investors should not assume that the information contained in this short form prospectus is accurate as of any date other than the date of this short form prospectus. Subject to the Corporation’s obligations under applicable securities laws, the information contained in this short form prospectus is accurate only as of the date of this short form prospectus regardless of the time of delivery of this short form prospectus or of any sale of the Subscription Receipts.

The registered office of the Corporation is located at Suite 2500, 450 – 1st Street S.W., Calgary, Alberta, T2P 5H1.
The head office of the Corporation is located at Suite 700, 324 – 8th Avenue S.W., Calgary, Alberta, T2P 2Z2.

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DEFINITIONS

Unless the context indicates otherwise, the following terms shall have the meanings set out below when used in this short form prospectus.

“**ABCA**” means the *Business Corporations Act* (Alberta);

“**Acquired Assets**” means the petroleum and natural gas properties and related assets to be acquired by the Corporation pursuant to the Acquisition Agreement;

“**Acquisition**” means the acquisition by the Corporation of the Acquired Assets from the Vendors pursuant to the Acquisition Agreement;

“**Acquisition Agreement**” means the purchase and sale agreement respecting the Acquired Assets dated June 7, 2010 between the Corporation and the Vendors;

“**Angle**” or the “**Corporation**” means Angle Energy Inc.;

“**Angle Internal Report**” means the internal engineering evaluation prepared by the Corporation’s internal qualified reserves evaluator evaluating the oil and natural gas reserves attributable to the Acquired Assets dated June 9, 2010, effective December 31, 2009;

“**Annual Information Form**” means the annual information form of the Corporation for the year ended December 31, 2009 dated March 31, 2010;

“**Board of Directors**” or “**Board**” means the board of directors of the Corporation;

“**Business Day**” means a day, other than a Saturday or Sunday, or a statutory holiday, on which major Canadian chartered banks are open for business in Calgary, Alberta;

“**CDS**” means CDS Clearing and Depository Services Inc.;

“**Closing Date**” means the date of closing of the Offering, which is expected to be June 30, 2010 or on such later date before the closing of the Acquisition and not later than July 7, 2010, as the Corporation and the Underwriters may agree;

“**COGE Handbook**” means the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum;

“**Co-Lead Underwriters**” means FirstEnergy Capital Corp. and Cormark Securities Inc.;

“**Common Shares**” means common shares in the capital of the Corporation;

“**CRA**” means the Canada Revenue Agency;

“**Escrow Agent**” means Valiant Trust Company;

“**Escrowed Funds**” means the proceeds from the sale of the Subscription Receipts;

“**GAAP**” means Canadian generally accepted accounting principles;

“**gross**” means: (a) in relation to the Corporation’s or the Vendors’ interest in production or reserves, its “company gross reserves”, which are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Corporation or the Vendors; (b) in relation to wells, the total number of wells in which the Corporation or the Vendors have an interest; and (c) in relation to properties, the total area of properties in which the Corporation or the Vendors have an interest;

“net” means: (a) in relation to the Corporation’s or the Vendors’ interest in production or reserves, the Corporation’s or the Vendors’ working interest (operating or non-operating) share after deduction of royalty obligations, plus the Corporation’s or the Vendors’ royalty interests in those production or reserves; (b) in relation to the Corporation’s or the Vendors’ interest in wells, the number of wells obtained by aggregating the Corporation’s or the Vendors’, as applicable, working interest in each of its gross wells; and (c) in relation to the Corporation’s or the Vendors’ interest in a property, the total area in which the Corporation or the Vendors have an interest multiplied by the working interest owned by the Corporation or the Vendors, as applicable;

“NI 51-101” means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*;

“Offering” means the offering of 7,000,000 Subscription Receipts and any Subscription Receipts issued pursuant to the exercise of the Over-allotment Option pursuant to this short form prospectus;

“Over-allotment Option” means the over-allotment option granted by the Corporation to the Underwriters to purchase up to 1,050,000 Subscription Receipts (or Common Shares, as applicable) at the Offering Price for a period of 30 days following the closing of the Offering;

“Purchase Price” means the purchase price for the Acquired Assets consisting of the base price of approximately \$115 million, subject to certain working capital and other closing adjustments and on account of ROFRs that may be exercised;

“qualified reserves evaluator” means an individual who: (a) in respect of particular reserves data, resources or related information, possesses professional qualifications and experience appropriate for the estimation, evaluation and review of the reserves data, resources and related information; and (b) is a member in good standing of a professional organization;

“ROFR” means rights of first refusal;

“ROFR Assets” means those producing and non-producing oil and natural gas properties and related assets held by the Vendors subject to ROFRs described in more detail under *“The Acquisition – The Acquisition Agreement”* and *“Information Concerning the Acquired Assets”*;

“Shareholder” means a holder of Common Shares;

“Subscription Receipt Agreement” means the agreement to be dated the date of the closing of the Offering among the Corporation, the Co-Lead Underwriters and the Escrow Agent, governing the terms of the Subscription Receipts;

“Subscription Receipts” means the subscription receipts of the Corporation offered by this prospectus;

“Tax Act” means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5th Supp.) as amended, including the regulations promulgated thereunder, as amended from time to time;

“TSX” means the Toronto Stock Exchange;

“Underwriters” means, collectively, FirstEnergy Capital Corp., Cormark Securities Inc., Dundee Securities Corporation, BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc. and Peters & Co. Limited;

“Underwriting Agreement” means the agreement dated as of June 7, 2010 among the Corporation and the Underwriters in respect of the Offering;

“United States” or **“U.S.”** means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia; and

“Vendors” means collectively, Compton Petroleum Corporation, Compton Petroleum and Hornet Energy Ltd.

Words importing the singular number only include the plural, and vice versa, and words importing any gender include all genders.

ABBREVIATIONS

In this short form prospectus and in certain documents incorporated herein by reference, the abbreviations set forth below have the following meanings:

	Oil and Natural Gas Liquids		Natural Gas
Bbl	barrel	Mcf	thousand cubic feet
MBbl	thousand barrels	MMcf	million cubic feet
MMBbls	million barrels	Mcf/d	thousand cubic feet per day
Bbls/d	barrels per day	MMcf/d	million cubic feet per day
NGLs	natural gas liquids	MMBTU	million British Thermal Units
		Bcf	billion cubic feet
		GJ	gigajoule

Other

AECO	the natural gas delivery point in southeast Alberta
API	American Petroleum Institute
°API	an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil
Boe	barrel of oil equivalent on the basis of one Boe to six Mcf of natural gas. Boes may be misleading, particularly if used in isolation. A Boe conversion ratio of one Boe for six Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead
Boe/d	barrel of oil equivalent per day
CBM	coal bed methane
CO ₂	carbon dioxide
m ³	cubic metres
MBoe	1,000 barrels of oil equivalent
MM\$	millions of dollars
\$000s or M\$	thousands of dollars
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

CONVENTIONS

Certain terms used herein are defined under “*Definitions*”. Certain other terms used herein but not defined herein are defined in NI 51-101 and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101. All financial information in this short form prospectus has been presented in Canadian dollars in accordance with GAAP, except where otherwise indicated.

FORWARD-LOOKING STATEMENTS

This short form prospectus, including the documents incorporated by reference herein, contains certain forward-looking statements and forward-looking information (collectively referred to as “forward-looking statements”) within the meaning of Canadian securities laws. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are 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. In particular, this short form prospectus and the documents incorporated by reference herein contain forward-looking statements pertaining to the following:

- use of proceeds from the Offering;
- the Corporation’s 2010 capital program;
- the estimated purchase price for the Acquired Assets including whether any third parties exercise ROFRs with respect to the Acquired Assets;
- completion of the Offering and the Acquisition;
- the impact of the Acquisition on the Corporation’s operations, infrastructure, inventory and opportunities, financial condition, access to capital and overall strategy;
- development and drilling plans for the Acquired Assets and transportation and infrastructure availability for the Acquired Assets;
- the Corporation’s operational and financial guidance for 2010;
- the performance characteristics of the Corporation’s oil and natural gas properties and for the Acquired Assets;
- business plans and strategies;
- capital expenditure programs and the timing and method of financing thereof;
- the ability of the Corporation to achieve drilling success consistent with management’s expectations;
- operating costs;
- quantity of the Corporation’s existing reserves and the reserves associated with the Acquired Assets;
- net present values of future net revenues from reserves;
- production levels of the Corporation’s assets and the Acquired Assets;
- timing and bringing on production;
- expected plans and costs of drilling;
- drilling inventory and presence of oil pools or gas accumulations;
- commodity prices;
- projections of costs;
- supply and demand for oil and natural gas;

- ability and cost of increasing plant capacity;
- the timing of the distribution of the Subscription Receipts pursuant to the Offering and the completion of the Acquisition;
- the expected impact and benefits on the Corporation of the acquisition of assets, including the Acquisition;
- expected levels of royalty rates, operating costs, general and administrative costs, costs of services and other costs and expenses;
- expectations regarding the ability to raise capital and to continually add to reserves through acquisitions, exploration and development;
- incorrect assessments of the value of acquisitions and exploration and development programs;
- geological, technical, drilling and processing problems;
- failure to realize the anticipated benefits of acquisitions, including the Acquisition; and
- treatment under governmental regulatory regimes and tax laws.

Statements relating to “reserves” are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and can be profitably produced in the future.

Undue reliance should not be placed on forward-looking statements, which are inherently uncertain, are based on estimates and assumptions, and are subject to known and unknown risks and uncertainties (both general and specific) that contribute to the possibility that the future events or circumstances contemplated by the forward-looking statements will not occur. There can be no assurance that the plans, intentions or expectations upon which forward-looking statements are based will in fact be realized. Actual results will differ, and the difference may be material and adverse to the Corporation and its shareholders.

Forward-looking statements are based on the Corporation’s current beliefs as well as assumptions made by, and information currently available to, the Corporation concerning, among other things, the successful completion of the Acquisition, the timely receipt of required regulatory approvals and the satisfaction of other closing conditions in all material respects in accordance with the terms of the Acquisition Agreement, anticipated geological, well and financial performance, business prospects, strategies, regulatory developments, future commodity prices, future production levels of the Corporation’s assets, including the Acquired Assets, the ability to obtain equipment in a timely manner to carry out development activities, the ability to market oil and natural gas successfully to current and new customers, the impact of increasing competition, the ability to obtain financing on acceptable terms, the ability to add production and reserves through the acquisition and development and exploration activities based on historical cost structures and that there will be no significant events occurring outside of Angle’s normal course of business. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. See also “*Forward-Looking Statements*” in the Annual Information Form.

By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific), some of which are beyond Angle’s control, and risks that forward-looking statements will not be achieved. These factors include, but are not limited to, failure to complete the Offering and the Acquisition in all material respects in accordance with the Acquisition Agreement or at all, unforeseen difficulties in integrating the Acquired Assets into the Corporation’s operations, risks associated with reservoir performance, oil and gas exploration, financial risks, substantial capital requirements, bank financing, including the increased level of debt being incurred by the Corporation to fund a portion of the purchase price of the Acquired Assets, government regulation, environmental matters, prices, markets and marketing, dependence on key personnel, availability of drilling equipment and access, uninsurable risks, management of growth, expiration of licenses and leases, reserves estimates, seasonality, competition from industry players in Angle’s core areas, conflicts of interest, title to properties, variations in

exchange rates and hedging and uncertainty in global financial markets. There is also the risk and uncertainty of access to or expansion of infrastructure including appropriate pipelines on acceptable terms or costs. See “*Forward-Looking Statements*” and “*Risk Factors*” in the Annual Information Form and the Corporation’s management’s discussion and analysis.

The success of Angle’s drilling program is a key assumption in the production estimates for the 2010 financial year. The primary risk factors which could lead to Angle not meeting its drilling targets are a lack of access to drilling rigs and related equipment on a timely basis and at reasonable prices due to high industry demand, poor weather preventing access to the drill sites, delays in obtaining landowner consent for surface access, and delays in obtaining well licenses and drilling permits. Increases in capital costs from forecast amounts can result from the foregoing reasons as well as general cost inflation in the industry. Additionally, the Corporation may choose to decrease capital expenditures based on lower commodity prices than those anticipated in its budget projections, therefore not meeting its drilling targets and affecting production estimates for the 2010 financial year.

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, the unanticipated encroachment of water or other fluids into the producing formation, mechanical failures or human error or inability to access production facilities, among other factors.

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 natural gas liquids into the North American market can also influence the supply situation at times. 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 crude oil, natural gas liquids and natural gas, all of which are determined in large part by the U.S. dollar price for such products adjusted for the U.S. to Canadian dollar exchange rate. The exchange rate is influenced by many factors, which have and will continue to result in high volatility.

Any estimates of cash flow and debt levels are based on assumptions regarding production and sales rates, production mix, natural gas, natural gas liquids and oil commodity prices, royalty rates, operating costs, general and administrative costs and capital expenditures. The risk that cash flow from operations may be less than expected or debt levels may be higher than expected is the aggregate of all risks affecting the individual components thereof. For further details on the factors affecting these items, see the Corporation’s management’s discussion and analysis.

There are references to Boes in this short form prospectus, which may be misleading, particularly if used in isolation. Also, estimates in respect of discovered resources have been provided. There is no certainty that any portion of the resource will be discovered and, if discovered, that oil, natural gas, or natural gas liquids will be commercially viable to produce in the area referenced. Any references to publicly reported refers to information contained in the Alberta Government petroleum registry.

Readers are 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. Discovered resources provided in this short form prospectus are estimates made by the Corporation’s management and actual figures and recovery factors may be less than anticipated. Given the risk of cost of development and fluctuating commodity prices, there is no certainty that it will be commercially viable to produce any portion of the resources mentioned. Accordingly, readers are cautioned that the actual results achieved will vary from the information provided herein and the variations may be material. Readers are also cautioned that the foregoing list of factors is not exhaustive. Consequently, there is no representation by the Corporation 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 short form prospectus are made as of the date hereof, and neither the Corporation nor the Underwriters undertake any 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.

NON-GAAP MEASURES

In this short form prospectus and in certain documents incorporated by reference into this short form prospectus, there are references to the terms “netbacks”, “funds from operations”, “funds from operations per share”, “net debt” and “cash operating costs” which are not recognized measures under Canadian GAAP. The Corporation uses these measures to help evaluate its performance. Management considers that netbacks are an important measure as they demonstrate the Corporation’s profitability relative to current commodity prices. Management uses funds from operations to analyze performance and considers it a key measure as it demonstrates the Corporation’s ability to generate the cash necessary to fund future capital investments and to repay debt. Funds from operations has been defined by the Corporation as net earnings plus the addition back of certain non-cash items (depletion, depreciation and accretion, stock-based compensation, future income taxes and unrealized gains/losses on risk management activities) and excludes the change in non-cash working capital related to operating activities and expenditures on asset retirement obligations and reclamation. The Corporation also presents funds from operations per share whereby amounts per share are calculated using weighted average shares outstanding consistent with the calculation of earnings per share. Angle’s determination of funds from operations may not be comparable to that reported by other companies nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with Canadian GAAP. Angle defines net debt as the sum of long term debt plus working capital, excluding risk management assets/liabilities and the related future income tax effect. Net debt is used by Angle’s management to monitor remaining availability under its credit facilities. Cash operating costs have been defined as the sum of operating expenses, transportation expenses, general and administrative expenses and interest expenses.

For more information, see the Corporation’s management’s discussion and analysis of financial condition and results of operations for the year ended December 31, 2009 and the three months ended March 31, 2010, which includes a definition of “funds from operations” and reconciliation to cash provided by operating activities, each of which are incorporated herein by reference.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the Corporation are filed with the various securities commissions or similar authorities in the provinces of Canada and are specifically incorporated by reference into and form an integral part of this short form prospectus:

- (a) the Annual Information Form;
- (b) the audited consolidated financial statements of the Corporation together with the accompanying notes to the financial statements for the years ended December 31, 2009 and 2008 and the reports of the auditors thereon;
- (c) management's discussion and analysis of the financial condition and results of operations of the Corporation for the years ended December 31, 2009 and 2008;
- (d) the unaudited consolidated financial statements of the Corporation for the three months ended March 31, 2010 and 2009;
- (e) management's discussion and analysis of the financial condition and results of operations of the Corporation for the three months ended March 31, 2010 and 2009;
- (f) the management information circular dated March 30, 2010 in respect of the annual general meeting of shareholders of the Corporation held on May 26, 2010;
- (g) the material change report of the Corporation dated February 26, 2010 relating to the Corporation's updated reserves information and completion of the Stonefire Acquisition (as defined herein) of Stonefire Energy Corp. ("**Stonefire**");
- (h) the business acquisition report of the Corporation dated April 9, 2010 relating to the Stonefire Acquisition (the "**Business Acquisition Report**"); and
- (i) the material change report dated May 7, 2010 relating to the public offering of the Corporation of 6,080,000 Common Shares at a price of \$7.70 per share for aggregate proceeds of \$46,816,000 completed on May 7, 2010.

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, including any annual information form, annual financial statements and the auditors' report thereon, interim financial statements, management's discussion and analysis of financial conditions and results of operations, material change report (except a confidential material change report), business acquisition report and information circular, filed by the Corporation with the securities commissions or similar authorities in Canada subsequent to the date of this short form prospectus and before the termination of the distribution are deemed to be incorporated by reference in this short form prospectus.

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained in this short form prospectus or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference into this short form prospectus modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this short form prospectus.

Information contained or otherwise accessed through Angle's website, www.angleenergy.com or any website, other than those documents incorporated by reference herein and filed on the SEDAR website, does not form part of this Offering.

THE CORPORATION

The Corporation was incorporated under the ABCA on January 23, 2004, under the name "1087577 Alberta Ltd." The Corporation changed its name to "Angle Energy Inc." on March 26, 2004. On June 15, 2004, the Corporation amended its articles to create an unlimited number of preferred shares, issuable in series and to delete the share transfer restrictions.

Angle has a wholly-owned subsidiary named Angle Resources Inc. ("**ARI**"), which was incorporated in Alberta on July 8, 2008. Angle and ARI entered into a partnership agreement, effective October 1, 2008, to form Angle Energy Partnership, a general partnership created under the laws of the Province of Alberta. On January 12, 2010, Angle acquired all of the issued and outstanding class A shares and class B shares of Stonefire (the "**Stonefire Acquisition**"), pursuant to a take-over bid and subsequent compulsory acquisition. Stonefire also became a partner of Angle Energy Partnership on January 12, 2010. On March 31, 2010, Angle wound-up Stonefire pursuant to the provisions of the ABCA. Angle has no subsidiaries other than those noted above.

Angle is a "reporting issuer" or the equivalent in each of the provinces of Canada, except Quebec.

The head office of the Corporation is located at Suite 700, 324 – 8th Avenue S.W., Calgary, Alberta T2P 2Z2. The registered office of the Corporation is located at Suite 2500, 450 – 1st Street S.W., Calgary, Alberta T2P 5H1.

BUSINESS OF THE CORPORATION

General

Angle is a growth-oriented, exploration-focused producer, with a focus on achieving cost-effective reserves recovery in large, resource-in-place accumulations of liquids-rich natural gas and light oil. The Corporation's primary focus areas are located in Alberta and the current producing base is primarily high working interest, operated, liquids-rich natural gas.

Effective exploration and development drilling programs, in conjunction with strategic financial planning and attention to capital structure, have played a key role in Angle's success. The Corporation has maintained a simple capital structure, with equity issuances providing a platform for accelerated initial project growth, and debt employed for later stage development or for opportunistic acquisitions in appropriate commodity price environments.

Angle prefers to drill in areas where it can complete multi-well projects at high working interest and operate the resulting production. Additionally, there should be available access to existing infrastructure to transport and process the products produced. Once some or all of these factors have been reviewed and subsequently satisfied, Angle will pursue a strategy of acquiring lands upon which to drill. These lands may be acquired through direct Crown purchases, freehold farm-ins, industry farm-ins, or corporate or asset acquisitions.

Prior to 2009, all of the Corporation's reserves had been added through drilling as the Corporation had not previously made any material property or corporate acquisitions. In 2009, the Corporation purchased assets in the Ferrier region and, in 2010, in the Edson area through the Stonefire Acquisition. These transactions reflect the Corporation's strategy of actively canvassing the market for acquisitions that will add exploration and development opportunities in areas where the Corporation's management has a demonstrated ability. For a detailed summary regarding the asset acquisition of Ferrier and the Stonefire Acquisition, see "*General Development of the Business - Developments in 2009*" and "*General Development of the Business - Significant Acquisitions*" in the Annual Information Form.

While the timing of an acquisition can be difficult to anticipate given its inherently opportunistic nature, the Corporation continues to actively search for acquisitions that will add further exploration and development

opportunities in areas where the Corporation currently operates or wishes to expand operations. Angle is well positioned to continue to execute both on its drilling plans as well as appropriate acquisition opportunities.

For further information on the general development, the business and the properties of the Corporation, see “*General Development of the Business*” and “*Description of the Business*” in the Corporation’s Annual Information Form.

Recent Developments

Acquisition of Stonefire Energy Corp.

On January 12, 2010, Angle completed the Stonefire Acquisition for a purchase price of \$2.00 per Class A share and \$10.00 per Class B share by way of a take-over bid and a subsequent compulsory acquisition under the ABCA of those remaining shares which were not tendered for sale pursuant to Angle’s offer.

The total consideration paid by Angle for Stonefire was approximately \$75 million, which included the assumption of approximately \$28.4 million of net debt and transaction costs. The Stonefire Acquisition constituted a “significant acquisition” for the Corporation in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations*. For further details regarding the Stonefire Acquisition, see “*General Development of the Business – Significant Acquisitions*” in the Annual Information Form and the Business Acquisition Report.

Credit Facilities

Following the completion of the Stonefire Acquisition in January 2010, the Corporation’s syndicated revolving credit facility was increased to \$110 million. In March 2010, a regular semi-annual review was completed and resulted in an increase in the borrowing base under the credit facility to a total of \$120 million. In connection with the Acquisition, the Corporation has received approval for an increase to its existing credit facilities to \$160 million. See notes (3) and (4) to the table under “*Capitalization of the Corporation*”.

The new credit facility is subject to the satisfaction of conditions that are typical of transactions of this nature, including closing of the Acquisition. The planned incremental borrowing capacity associated with the Acquired Assets will help Angle retain its strong balance sheet and financial flexibility.

Public Offering

On May 7, 2010, the Corporation closed a public offering of 6,080,000 Common Shares (including 780,000 Common Shares pursuant to the exercise of an over-allotment option) at a price of \$7.70 per Common Share for aggregate proceeds of \$46,816,000 (the “**May Offering**”). For a description of the May Offering, see the material change report dated May 7, 2010, which is incorporated by reference herein.

Operational Update

Angle commenced drilling operations in late January 2010 in the Edson area, following the closing of the Stonefire Acquisition. On April 15, 2010, Angle announced its drilling results for the first quarter of 2010 and revised its previously announced budget for 2010. Angle possesses an inventory of over 400 drilling locations with high working interests in focused project areas with over 50% of the locations targeting light oil and the balance targeting liquids-rich natural gas.

In the first quarter of 2010, Angle achieved 100% drilling success in its activities, with important developments in each of its four operating areas. The first quarter program was designed to test a variety of play types. Angle intends to further define capital expenditures by area and play type for the full 2010 operational year with a forward focus on three light oil targets on the Corporation’s owned lands. In the first quarter of 2010, Angle drilled and rig released a total of 10 gross wells (8.2 net) with 8 (6.2 net) of these wells horizontally drilled.

Angle has drilled four wells to date in the Edson area (3.3 net) with 100% success; two horizontal wells (1.3 net) targeting the Notikewin zone, one (1.0 net) vertical well to allow formation evaluation of the Cardium and the Falher zones; and most recently, one (1.0 net) horizontal well to test the Falher zone.

The Corporation is encouraged with the results to date from the completion and testing operations of the Falher horizontal well. The well was rig released in April 2010 after being drilled to a measured depth of 3500 metres, with completion commencing in early May 2010. Angle performed a 10 stage propane fracture treatment and subsequently flowed the well for a total of 7.5 days at average rates of 3 to 4 MMcf/d, with rates as high as 6.0 MMcf/d under restricted flow back conditions due to the temperatures reached in the surface well test equipment.

The Falher zone had only been tested in vertical wellbores in the area to date and showed stable productivity on average of 400 Mcf/d. The zone is extensive through Angle's existing asset base and extends to the lands associated with the Acquisition, with volumetrically calculated gas in place (discovered resource in place) of up to 15 Bcf per section. Angle's horizontal drilling success in the zone represents an important first step in developing capital focus in the Corporation's 2011 project plans.

On June 14, 2010, Angle announced the drilling results on its oil drilling program. The second quarter has been operationally intensive with the focus of drilling activities on expanding and developing the Corporation's light oil projects. Angle has had 100% drilling success to date in the quarter, with eight (7.5 net) total wells; six wells (5.5 net) targeting light oil, and two (2.0 net) wells targeting liquids rich gas. The gas wells drilled are in Edson (Falher) and Lone Pine Creek (Wabamun).

In Harmattan, the Corporation was active in first quarter Crown land sales, adding 21 net sections to the Corporation's 100% working interest acreage in an emerging light oil resource play in the Viking formation. As a result of this aggressive early positioning, Angle commands a position of 60 net sections (100% working interest) prospective for Viking oil in Harmattan. As described in the Corporation's April 15, 2010 press release, Angle commenced drilling the first horizontal test (100% working interest) into the Viking oil play in the Harmattan area early in the second quarter. The horizontal leg of 800 metres was multi-stage fracture stimulated using propane fracturing technology. Completion and testing operations on the well were concluded on June 12, 2010 after a 9 day flow test with stability during the last three days of the test at flowing rates of 220 Bbls/d and 1.0 MMcf/d gas (387 Boe/d). Currently the second horizontal well (100% working interest) in the play has been drilled and is awaiting completion.

In the Ferrier project area, Angle has drilled 5 gross (2.9 net) horizontal wells to June 14, 2010 in the Cardium oil play with 100% success. The first two wells have been on production for several months and have stabilized at gross average rates of 50 and 100 Boe/d respectively (70% oil). Angle modified its completion techniques following the initial well, and has seen improved performance as a result. In the second quarter, the third well drilled (100% working interest) was completed using a multi-stage oil frac, and test operations over 7 days have resulted in materially all of the load fluid recovered, with average rates of 240 Bbls/d oil and final flowing rates of 100 Bbls/d oil and 440 Mcf/d gas. The fourth well in the program is currently being completed (45% working interest). The fifth well (100% working interest) is awaiting completion while the sixth well (60% working interest) in the program is currently drilling from the same multi-well pad.

In the Corporation's April 15, 2010 press release regarding its first quarter operational update, Angle announced the discovery of a new Wabamun light oil pool in the Lone Pine Creek area. The horizontal discovery well (100% working interest) has been placed on pump in June and is producing with a low draw down at 100 Boe/d (75% oil). Angle will continue to measure production performance, and design a pumping system to optimize the well for high volume lift. The second well (100% working interest) was horizontally drilled and acid fractured in May 2010. The well was flowed and swabbed for 6.5 days, with average oil rates of 100 Bbls/d and oil rates at the end of test at 80 Bbls/d.

The 2010 capital budget is dedicated 50% to oil drilling, with the balance dedicated to liquid rich natural gas. Currently, Angle has in excess of 215 potential locations on three major light oil plays in the Cardium, Viking, and Wabamun. The Corporation expects to increase light oil production to achieve a producing mixture in 2011 of 50% gas, 50% light oil and natural gas liquids. Currently Angle produces approximately 60% gas, 4% light oil and 36% natural gas liquids.

Angle's goal is to test several liquid-rich gas and light oil target formations with horizontal, multi-stage fractured wells across the Corporation's asset base, evaluate well performance, and develop large scale drilling programs in the formations with the best project value for 2011.

THE ACQUISITION

General

On June 7, 2010, Angle entered into the Acquisition Agreement with the Vendors to acquire the Acquired Assets for an aggregate purchase price (the "**Purchase Price**") consisting of the base price of approximately \$115 million ("**Base Price**") and certain working capital and other closing adjustments and on account of exercised ROFRs. The Acquisition is expected to close on June 30, 2010 or such other date as the Corporation and the Vendors may agree to in writing and will have an effective date of June 30, 2010.

Benefits of the Acquisition

The Acquired Assets are highly complementary to and adjacent to the assets acquired by Angle pursuant to the Stonefire Acquisition. The Acquisition further demonstrates Angle's consistent approach to targeting high quality assets with identified upside potential.

The Acquisition has the following attributes:

- current production of approximately 2,200 Boe/d of which 80% is natural gas and 20% is light crude oil and natural gas liquids, which increases overall production in the Edson area to approximately 3,450 Boe/d;
- high working interest lands and operated production; 68% working interest and 75% operated;
- Angle estimated reserves of 6.0 million Boe proved and 8.1 million Boe proved plus probable effective as of July 1, 2010;
- reserve life index of 7.5 years on proved reserves and 10.1 years on proved plus probable reserves;
- undeveloped land of 23,385 net acres which Angle estimates to have a value in excess of \$5 million;
- an identified inventory of 40 to 60 potential horizontal locations on the acquired lands; and
- accretive to Angle on a per share basis on all key metrics.

Anticipated benefits and upside potential associated with the Acquisition:

- opportunities to extend and repeat the success Angle has had with emerging play-types and new completion techniques in the Edson area;
- the Edson area has proven resource exploitation potential using horizontal wells with multi-stage fracture completions, in several liquids-rich, sweet gas reservoirs including the Notikewin, Falher, Viking, Cardium and Bluesky zones;
- many of the target formations on the acquired lands and Angle's existing Edson lands are in the range of 2,000 to 2,400 meters in vertical depth, which will benefit from the recently announced Alberta Crown royalty incentives modifications that make wells drilled in such formations eligible for the Natural Gas Deep Drilling Program; and
- the expansion underway of Angle's existing owned and operated gas plant in the area to 17 MMcf/d as well as other identified facility and operational optimizations will further enhance economies of scale of Angle's operations in the Edson area.

For further information on the Acquired Assets, see “*Information Concerning the Acquired Assets*”. While management expects that the Corporation will receive the benefits noted above, the Acquisition does expose the Corporation to additional risks including the risk that the Corporation will fail to realize the anticipated benefits of the Acquisition. For a further discussion of certain of the risks associated with the Acquisition, see “*Risk Factors*”.

See Schedule “A” of this short form prospectus – “*Schedules of Revenue, Royalties, Operating Expenses and Transportation Expenses*” for certain operating results of all of the Acquired Assets. See Schedule “B” of this short form prospectus – “*Unaudited Pro Forma Net Operating Income Statements*” for unaudited *pro forma* financial information relating to the Corporation for the three months ended March 31, 2010 and for the year ended December 31, 2009 based on the assumptions set forth therein.

The Acquisition Agreement

The following is a summary of certain provisions of the Acquisition Agreement and is qualified in its entirety by the full text of the Acquisition Agreement, in redacted form, a copy of which will be filed on SEDAR at www.sedar.com.

The Purchase Price, prior to adjustments, will be funded through a combination of bank debt and the net proceeds of this Offering. In connection with the Acquisition, the Corporation has provided the Vendors with an amount equal to \$2 million as a deposit against the payment of the Purchase Price (the “**Deposit**”).

The Acquisition is conditional upon receipt of all necessary approvals under the *Competition Act* (Canada) and satisfaction of customary closing conditions, including, but not limited to, the delivery by the parties of certificates in respect of the accuracy of representations and warranties and performance of covenants. The Acquisition is also subject to the condition that average daily production from the assets for the two weeks ended June 30, 2010 shall be not less than 2,100 Boe/d. Pursuant to the Underwriting Agreement, the closing of the Offering is conditional upon, among other things, the Underwriters receiving evidence that the Acquisition Agreement has not been amended or changed in any material adverse manner or been terminated, that no waiver or default has been made thereunder and that no event has occurred or condition exists which will prevent the Acquisition from being completed in all material respects as contemplated in the Acquisition Agreement.

Under the Acquisition Agreement, if the Acquisition is completed, the Deposit and the interest thereon will be paid to the Vendors as partial payment of the Purchase Price. If the Acquisition does not occur due to a breach of a representation or warranty made by the Corporation or a breach by the Corporation of a covenant or agreement made by the Corporation under the Acquisition Agreement that is not cured or waived prior to the closing of the Acquisition, the Deposit plus the interest earned thereon will be forfeited to the Vendors as liquidated damages. In these circumstances, the retention of the Deposit and the interest thereon shall be in addition to any other rights or remedies the Vendors are entitled to under the Acquisition Agreement or otherwise, provided that in no event shall any claims by the Vendors for such liquidated damages in excess of the Deposit and interest thereon exceed \$9.5 million. If closing of the Acquisition does not occur for any reason or circumstance other than a breach of a representation or warranty made by the Corporation or a breach of a covenant or agreement made by the Corporation, the Deposit plus the interest earned thereon shall be returned to the Corporation and the parties will be released from all of their obligations under the Acquisition Agreement.

Each of the Vendors and the Corporation have agreed to indemnify the other for a period of twelve months from closing of the Acquisition in respect of certain losses and liabilities arising out of the Acquisition Agreement, including any breaches of representations, warranties and covenants, subject to certain exceptions. In addition, the Corporation has, in a manner consistent with typical industry practice, agreed to indemnify the Vendors after closing of the Acquisition for certain liabilities which relate to the Acquired Assets for all past, present and future environmental liabilities of the Vendors, provided that the Corporation shall not be liable or be required to indemnify the Vendors in respect of any losses, liabilities or claims to the extent they resulted from a breach of any representations or warranties of the Vendors in respect of any environmental matters. The Vendors shall also indemnify the Corporation in respect of any claims, losses and liability relating to certain outstanding litigation involving the Vendors.

Certain of the Vendors' indemnities for breach of representations and warranties and certain covenants are subject to a minimum threshold of \$50,000 for an individual default and a minimum threshold of \$3 million for all losses and liabilities, provided that such liability has an aggregate cap of 100% of the Base Price. Other indemnities granted by the Vendors are not subject to any minimum amount or threshold before claims can be made.

ROFR Assets constitute approximately 0.5% of the total current production and proved reserves at December 31, 2009 of the Acquired Assets and, although the exact amount has not been determined at this time, the Corporation anticipates that ROFR Assets will be allocated a value of approximately 1.3% (\$1,500,000.00) of the Purchase Price. In accordance with the terms of the Acquisition Agreement, the Vendors are required to send notices to third parties subject to a ROFR in accordance with the terms of those ROFRs. The one applicable ROFR notice was sent on June 7, 2010 and the third party will have twenty days after receipt of the notice to waive or exercise the ROFR and acquire the ROFR Assets from the Vendors for the same purchase price ascribed to those properties by the Corporation, or dispute the notice (including the value ascribed to the applicable properties in the ROFR notice). If a third party entitled to exercise a ROFR exercises its right before closing of the Acquisition, closing will still occur but the portion of the Acquired Assets affected by the exercised ROFR will be excluded from the purchase and sale contemplated by the Acquisition Agreement and the Purchase Price will be adjusted for the value ascribed to such properties in the ROFR notices. If a third party recipient of a ROFR notice has not exercised its rights under a notice but such rights have not been extinguished, or disputes the notice prior to closing of the Acquisition, closing will still occur and the Purchase Price and the Acquired Assets may be subsequently adjusted pending the outcome of such dispute. See "*Risk Factors – Possible Failure to Realize Anticipated Benefits of the Acquisition*".

In addition, pursuant to the transitional services agreement, the Vendors have agreed to provide certain services to the Corporation until October 31, 2010 in order to provide a smooth transition of such operational, accounting, information technology and administrative services as are reasonably required to properly administer the Acquired Assets.

The Corporation intends to fund the purchase of the Acquired Assets with the Escrowed Funds and by drawing down additional bank debt under its existing credit facilities. See "*Use of Proceeds*".

INFORMATION CONCERNING THE ACQUIRED ASSETS

Description of the Acquired Assets

The Acquired Assets are located in the Edson area, which is located approximately 10 kilometres east of the town of Edson, Alberta. The Acquired Assets are high working interest and synergistic with the Corporation's existing Edson assets, complementing the Corporation's growing land base, drilling inventory, and providing diversification to existing owned gathering and processing infrastructure.

Reserves Information

As the Corporation does not currently own the Acquired Assets, the following information has been summarized from the Angle Internal Report which was based on publicly available information and information provided to the Corporation in connection with the Corporation's due diligence.

The information regarding the Acquired Assets set forth herein (including the unaudited *pro forma* net operating statements set forth in Schedule "B") is in respect of all of the Acquired Assets. ROFR Assets constitute approximately 0.5% of the total current production and proved reserves at December 31, 2009 attributable to the Acquired Assets. To the extent that any third parties exercise ROFRs on the Acquired Assets, the Corporation believes that the historical operational and reserves information set forth herein will be reduced in a proportion generally equivalent to the proportion of the Acquired Assets in respect of which the ROFRs are exercised. See "*Risk Factors – Possible Failure to Realize Anticipated Benefits of the Acquisition*".

The reserves data for the Acquired Assets set forth below is based upon an evaluation by the Corporation's internal qualified reserves evaluator dated June 9, 2010 with an effective date of December 31, 2009. The reserves data summarizes the crude oil, natural gas liquids and natural gas reserves and the net present values of future net

revenue for these reserves using forecast prices and costs. The Angle Internal Report has been prepared in accordance with the standards contained in the COGE Handbook, NI 51-101 and the reserve definitions contained in the Canadian Securities Administrators Staff Notice 51-324.

All evaluations of future net revenue are after the deduction of royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses. The estimated future net revenue contained in the following tables does not necessarily represent the fair market value of the reserves. There is no assurance that the forecast price and cost assumptions contained in the Angle Internal Report will be attained and variations could be material. Other assumptions and qualifications relating to costs and other matters are summarized in the notes to or following the tables below. The recovery and reserve estimates described herein are estimates only. Actual reserves may be greater or less than those calculated. See “Risk Factors”.

All reserves associated with the Acquired Assets are located in the Province of Alberta. There are no heavy oil reserves associated with the Acquired Assets. Numbers in each column may not add due to rounding.

The net present value of future net revenue attributable to reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures and well abandonment costs for only those wells assigned reserves by the Corporation’s internal qualified reserves evaluator. **It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to reserves estimated by the Corporation’s internal qualified reserves evaluator represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of oil, NGL and natural gas reserves provided herein are estimates only. Actual reserves may be greater than or less than the estimates provided herein.**

Summary of Oil and Gas Reserves – Forecast Prices and Costs

The following tables outline the reserves of the Acquired Assets on a forecasted pricing basis, by product type on a gross (before royalty) and net (after royalty) basis;

	Gross Reserves				Net Reserves			
	Light and Medium Crude Oil MBbls	Heavy Crude Oil MBbls	Natural Gas Liquids MBbls	Natural Gas MMcf	Light and Medium Crude Oil MBbls	Heavy Crude Oil MBbls	Natural Gas Liquids MBbls	Natural Gas MMcf
Proved								
Developed Producing	288.8	-	565.8	20,009	239.4	-	337.2	16,612
Developed Non-Producing	-	-	-	-	-	-	-	-
Undeveloped	32.9	-	287.4	11,272	26.6	-	194.8	9,414
Total Proved	321.7	-	853.2	31,281	266.0	-	532.0	26,026
Probable	67.9	-	259.2	10,371	56.4	-	178.1	8,653
Total Proved plus Probable	389.6	-	1,112.5	41,652	322.4	-	710.1	34,679

Net Present Value of Future Net Revenue – Forecast Prices and Costs

Before Future Income Tax Expenses and Discounted at					
	0%	5%	10%	15%	20%
	(MM\$)	(MM\$)	(MM\$)	(MM\$)	(MM\$)
Proved					
Developed Producing	93.4	74.1	61.6	53.0	46.7
Developed Non-Producing	-	-	-	-	-
Undeveloped	32.5	23.6	17.3	12.8	9.5
Total Proved	125.9	97.7	79.0	65.8	56.2
Probable	37.0	21.2	13.6	9.2	6.2
Total Proved plus Probable	162.9	118.9	92.6	75.0	62.4

After Future Income Tax Expenses and Discounted at					
	0%	5%	10%	15%	20%
	(MM\$)	(MM\$)	(MM\$)	(MM\$)	(MM\$)
Proved					
Developed Producing	69.4	54.9	45.7	39.3	34.6
Developed Non-Producing	-	-	-	-	-
Undeveloped	24.3	16.7	11.6	7.9	5.2
Total Proved	93.7	71.6	57.3	47.2	39.8
Probable	27.8	15.4	9.4	5.8	3.5
Total Proved plus Probable	121.5	87.0	66.7	53.0	43.3

Unit Value Before Income Taxes Discounted at 10%/year		(\$/Boe)
Proved		
Developed Producing		14.71
Developed Non-Producing		-
Undeveloped		<u>7.87</u>
Total Proved		12.37
Probable		<u>6.62</u>
Total Proved plus Probable		10.96

Additional Information Concerning Future Net Revenue – Forecast Prices and Costs

	Revenue	Royalties	Operating Costs	Development Costs	Abandonment and Other costs	Future Net Revenue	Future Net Revenue
						Before Income Taxes	After Income Taxes
(Undiscounted)	(MM\$)	(MM\$)	(MM\$)	(MM\$)	(MM\$)	(MM\$)	(MM\$)
Total Proved	330.4	69.8	103.9	27.1	3.6	125.9	93.6
Total Proved plus Probable	<u>442.7</u>	<u>93.1</u>	<u>130.6</u>	<u>51.8</u>	<u>4.2</u>	<u>162.9</u>	<u>121.5</u>

Future Net Revenue by Production Group – Forecast Prices and Costs

	Future Net Revenue Before Income Taxes and Discounted at 10%	Per Unit Future Net Revenue Before Income Taxes and Discounted at 10%
	(MM\$)	(\$/Boe)
Proved		
Light and Medium Crude Oil ⁽¹⁾	13.8	16.95
Heavy Crude Oil	-	-
Natural Gas ⁽²⁾	65.2	11.69
Proved plus Probable		
Light and Medium Crude Oil ⁽¹⁾	15.5	16.51
Heavy Crude Oil	-	-
Natural Gas ⁽²⁾	77.2	10.28
Total Proved plus Probable	92.7	10.98

Notes:

- (1) Including associated gas and other by-products.
- (2) Including by-products, but excluding associated gas from oil wells.

Pricing Assumptions – Forecast Prices and Costs

The Corporation's internal reserve evaluator employed the following pricing, exchange rate and inflation rate assumptions as of December 31, 2009 in estimating reserves data using forecast prices and costs. The weighted average historical prices received by the Vendors for 2009 are also reflected in the table below.

Year	Medium and Light Crude Oil			Natural Gas		NGL		
	WTI Cushing Oklahoma 40 °API (US\$/Bbl)	Edmonton Par Price 40 °API (\$/Bbl)	Cromer Medium 29.3 °API (\$/Bbl)	Alberta Gas Reference Price Plantgate (\$/MMBTU)	AECO - C Spot (\$/MMBTU)	Pentanes Plus (\$/Bbl)	Inflation Rate (%/ year)	Exchange Rate (\$US/\$Cdn)
2009 (Actual)	61.78	66.32	62.96	4.00	4.19	68.17	0.4	0.88
2010	80.00	83.26	76.60	5.75	5.96	84.93	2.0	0.95
2011	83.00	86.42	78.64	6.45	6.79	88.15	2.0	0.95
2012	86.00	89.58	80.62	6.42	6.89	91.37	2.0	0.95
2013	89.00	92.74	82.54	6.34	6.95	94.59	2.0	0.95
2014	92.00	95.90	85.35	6.32	7.05	97.82	2.0	0.95
2015	93.84	97.84	87.07	6.29	7.16	99.79	2.0	0.95
2016	95.72	99.81	88.83	6.39	7.42	101.81	2.0	0.95
2017	97.64	101.83	90.63	6.72	7.95	103.86	2.0	0.95
2018	99.59	103.88	92.46	7.07	8.52	105.96	2.0	0.95
2019	101.58	105.98	94.32	7.08	8.69	108.10	2.0	0.95

Escalated at 2% per year thereafter.

Future Development Costs

The table below sets out the total development costs deducted in the estimation of future net revenue attributable to proved reserves and proved plus probable reserves (using forecast prices and costs).

Forecast Prices and Costs		
	Proved Reserves	Proved Plus Probable Reserves
	(MM\$)	(MM\$)
2010	13.0	14.7
2011	13.4	23.8
2012	0.8	13.2
2013	-	-
2014	-	-
Remaining Years	-	-
Total Undiscounted	27.2	51.8

The Corporation has three sources of funding available to finance its capital expenditure programs: internally generated cash flow from operations, debt financing when appropriate and new issuances of Common Shares, if available on favourable terms. The Corporation expects to fund the above future development costs primarily through internally generated cash-flow and, to a much lesser extent, debt. The cost of the debt component for funding future development costs is expected to be minimal and to not materially impact the disclosed reserves or future net revenue.

Production Estimates

The following table discloses for each product type the total average daily volume for 2010.

	Light and Medium Crude Oil (Bbls/d)	Heavy Crude Oil (Bbls/d)	NGL (Bbls/d)	Natural Gas (Mcf/d)	Boe (Boe/d)	%
Proved	127	-	329	10,639	2,230	99.8
Probable	2	-	-	22	5	0.2
Total Proved Plus Probable	129	-	329	10,661	2,235	100.0

Oil and Gas Wells

The following table provides the details of producing and non-producing wells as at December 31, 2009 in which the Corporation will acquire interests as a result of the Acquisition.

Wells	Producing		Non-Producing	
	Gross	Net	Gross	Net
Alberta				
Oil	14	12.0	2	0.4
Natural Gas	53	33.5	25	7.4
Total	67	45.5	27	7.8

Properties with no Attributed Reserves

The following table summarizes the gross and net acres of lands, effective June 1, 2010, comprised in the Acquired Assets. Due to the nature of the transaction, a gross/net acreage report dated December 31, 2009 cannot be generated.

	Undeveloped Land	
	Gross Acres	Net Acres
Total	29,760	23,385

Abandonment Costs

The following table summarizes the Acquired Assets' associated abandonment costs deducted in the estimation of future net revenue attributable to the reserve categories noted below based on forecast prices and costs at December 31, 2009.

	Forecast Prices & Costs	
	Proved (M\$)	Proved plus Probable (M\$)
2010	248	248
2011	52	52
2012	53	53
2013	54	54
2014	44	44
2015	74	74
Remainder	3,087	3,755
Total (Undiscounted)	3,612	4,280
Total (Discounted at 10%/year)	1,205	1,328

Production History

The following table discloses, on a quarterly basis for the year ended December 31, 2009, certain information in respect of production, product prices received, royalties paid, operating expenses and resulting netback for the Acquired Assets.

Average Daily Production Volume

	Three Months Ended			
	Mar. 31, 2009	June 30, 2009	Sept. 30, 2009	Dec. 31, 2009
Natural gas (Mcf/d)	15,953	13,711	10,847	8,927
Light and Medium Crude Oil (Bbls/d)	206	200	185	164
NGL (Bbls/d)	409	285	294	256
Total (Boe/d)	3,274	2,770	2,287	1,908

Prices Received, Royalties Paid, Production Costs and Netback – Crude Oil and NGLs

(\$ per Bbl)	Three Months Ended			
	Mar. 31, 2009	June 30, 2009	Sept. 30, 2009	Dec. 31, 2009
Prices Received	45.57	57.31	56.48	62.88
Royalties Paid	12.05	12.34	13.66	18.73
Production Costs	6.53	7.60	6.71	8.12
Netback ⁽¹⁾	26.99	37.37	36.11	36.03

Note:

- (1) Netback is calculated by deducting royalties paid and production costs, including transportation costs, from prices received, excluding the effects of hedging.

Prices Received, Royalties Paid, Production Costs and Netback – Natural Gas

(\$ per Mcf)	Three Months Ended			
	Mar. 31, 2009	June 30, 2009	Sept. 30, 2009	Dec. 31, 2009
Prices Received	5.97	4.09	3.57	5.04
Royalties Paid	1.55	0.59	0.38	0.96
Production Costs	1.58	1.74	1.61	1.85
Netback ⁽¹⁾	2.84	1.76	1.58	2.23

Note

- (1) Netback is calculated by deducting royalties paid and production costs, including transportation costs, from prices received, excluding the effects of hedging.

EFFECT OF THE ACQUISITION ON THE CORPORATION

Pro Forma Financial Information

Attached as Schedule “A” to this short form prospectus is the Schedules of Revenue, Royalties, Operating Expenses and Transportation Expenses concerning the Acquired Assets for the three months ended March 31, 2010 and 2009 (unaudited) and the years ended December 31, 2009 and 2008 (audited). Attached as Schedule “B” to this short form prospectus are unaudited *Pro Forma* Net Operating Income Statements of the Corporation for the three months ended March 31, 2010 and for the year ended December 31, 2009 giving effect to the acquisition by the Corporation of the Acquired Assets. Readers should read the operating statements in conjunction with the unaudited *pro forma* financial statements to ascertain the financial impact on the Corporation of the acquisition of the Acquired Assets.

The following table sets out certain select unaudited *pro forma* combined financial information for the Corporation derived from the unaudited *Pro Forma* Net Operating Income Statements of the Corporation attached as Schedule “B” hereto and is qualified in its entirety by such statement.

As at or for the year ended December 31, 2009	Angle	Stonefire	Acquired Assets	Pro forma Adjustments	Pro forma
	(\$000’s)	(\$000’s)	(\$000’s)	(\$000’s)	(\$000’s)
Gross revenue	79,998	16,524	32,136	–	128,658
Royalty expenses	19,902	3,672	6,668	–	30,242
Production costs	13,312	2,804	8,884	–	25,000
Operating income	46,784	10,048	16,584	–	73,416

As at or for the three months ended March 31, 2010	Angle	Acquired Assets	Pro forma Adjustments	Pro forma
	(\$000’s)	(\$000’s)	(\$000’s)	(\$000’s)
Gross revenue	27,842	8,084	552	36,478
Royalty expenses	7,753	1,718	145	9,616
Production costs	4,139	2,033	37	6,209
Operating income	15,950	4,333	370	20,653

Selected Combined Operational Information

The following tables set forth certain combined operational information for the Corporation after giving effect to the acquisition of the Acquired Assets. Except in the case of average daily production, the information set out in the

tables below is as at December 31, 2009. **Important information concerning the oil and natural gas properties and operations of the Corporation is contained in the Annual Information Form. Important information in respect of the Acquired Assets is set forth herein under the heading “Information Concerning the Acquired Assets”. Readers are encouraged to carefully review the additional information in the Annual Information Form and the information set forth herein concerning the Acquired Assets, in their entirety, as the tables below provide a summary only.**

	<u>Angle</u>	<u>Stonefire</u>	<u>Acquired Assets⁽¹⁾</u>	<u>Pro forma</u>
Average Daily Production				
(For the year ended December 31, 2009)				
Crude oil & NGLs (Bbls/d)	3,139	402	499	4,040
Natural gas (Mcf/d)	26,334	5,346	12,336	44,016
Oil equivalent (Boe/d)	7,528	1,293	2,555	11,376
Net Proved Reserves⁽²⁾				
Light/medium crude oil (MBbls)	408	223	322	953
NGLs (MBbls)	4,709	371	853	5,933
Natural gas and CBM (MMcf)	43,151	10,962	31,281	85,394
Oil equivalent (MBoe)	12,309	2,421	6,388	21,118
Net Proved plus Probable Reserves⁽²⁾				
Light/medium crude oil (MBbls)	669	533	390	1,592
NGLs (MBbls)	7,216	842	1,113	9,171
Natural gas (MMcf)	72,887	28,524	41,651	143,062
Oil equivalent (MBoe)	20,033	6,130	8,444	34,607
Net Undeveloped Land (acres)	98,966	19,048	23,385	141,399

Notes:

- (1) Estimate provided by an internal qualified reserves evaluator.
- (2) Net reflects company working interest before royalties.

Based on Angle’s internal reserves estimate conducted by an internal qualified reserves evaluator as of June 9, 2010 with an effective date of June 30, 2010, there is 6 million Boe of proved reserves and 8.1 million Boe of proved plus probable reserves. These reserve estimates were updated from the Angle Internal Report and incorporated recent drilling and production information up to the end of May 2010.

DESCRIPTION OF SUBSCRIPTION RECEIPTS

General

The following is a summary of the material attributes and characteristics of the Subscription Receipts. This summary does not purport to be complete and is subject to, and qualified in its entirety by, reference to the terms of the Subscription Receipt Agreement.

The Subscription Receipts will be issued at the closing of the Offering pursuant to the Subscription Receipt Agreement. The proceeds from the sale of the Subscription Receipts hereunder, being the Escrowed Funds, will be held by the Escrow Agent and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments) pending completion of the Acquisition. Provided that the closing of the Acquisition occurs by 5:00 p.m. (Calgary time) on June 30, 2010, the Escrowed Funds and the interest earned

thereon will be released to the Corporation and each holder of Subscription Receipts will receive, without payment of additional consideration or further action, one Common Share for each Subscription Receipt held. The Corporation will utilize the Escrowed Funds to pay a portion of the purchase price for the Acquisition. Forthwith upon the closing of the Acquisition in accordance with the terms and conditions of the Subscription Receipt Agreement, the Corporation will execute and deliver to the Escrow Agent a notice thereof, and will issue and deliver the Common Shares to the Escrow Agent. Contemporaneously with the delivery of such notice, the Corporation will issue a press release announcing that the Common Shares have been issued.

If: (i) the closing of the Acquisition does not occur by 5:00 p.m. (Calgary time) on June 30, 2010, or such other date not later than July 7, 2010 as agreed to by the Corporation and the Vendors, (ii) the Acquisition is terminated in accordance with the terms of the Acquisition Agreement at any earlier time, (iii) a party to the Acquisition has disclosed to the public that it does not intend to proceed with the Acquisition, or (iv) the Corporation has advised the Underwriters that it does not intend to proceed with the Acquisition (in each case, the “**Termination Time**”), then holders of Subscription Receipts shall be entitled to receive an amount per Subscription Receipt equal to the Offering Price and a *pro rata* share of interest earned thereon. The Escrowed Funds will be applied toward payment of such amount. The issuance of a cheque in payment of the subscription price for the Subscription Receipts will require the surrender of the certificate(s) representing the same at the principal office of the Escrow Agent in Calgary, Alberta. If any certificates representing Subscription Receipts have not been surrendered one year after the Termination Time, the Escrow Agent will mail the cheques that the holders thereof are entitled to receive to their last addresses of record.

Under the Subscription Receipt Agreement, original purchasers of Subscription Receipts under the Offering will have a contractual right of rescission following the issuance of Common Shares to such purchaser upon the exchange of the Subscription Receipts to receive the amount paid for the Subscription Receipts if this short form prospectus (including documents incorporated by reference) and any amendment contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days of closing of the Offering.

Holders of Subscription Receipts are not Shareholders and do not have rights as Shareholders of the Corporation, including the right to vote at meetings of Shareholders or the right to receive the remaining property of the Corporation upon dissolution. Holders of Subscription Receipts are entitled only to receive Common Shares on the completion of the Acquisition or to a return of the subscription price for the Subscription Receipts together with any payments of interest, as described above.

The Subscription Receipts will be issued in “book-entry only” form and must be purchased or transferred through a Participant (as defined below).

Book-Entry Only System

Except in limited circumstances, including where a Subscription Receipt certificate requires the addition of a legend under applicable securities laws in the United States, the Subscription Receipts will be issued in “book-entry only” form and must be purchased or transferred through a participant in the depository service of CDS (a “**Participant**”). On the closing of the Offering, a certificate representing the Subscription Receipts will be issued in registered form to CDS or its nominee, CDS & Co., and will be deposited with CDS pursuant to the book-entry only system.

Unless the book-entry only system is terminated as described below, a purchaser acquiring a beneficial interest in the Subscription Receipts issued in “book-entry only” form (a “**Beneficial Owner**”) will not be entitled to receive a certificate for Subscription Receipts, or, unless requested, for the Common Shares issuable pursuant to the Subscription Receipts. Purchasers of Subscription Receipts will not be shown on the records maintained by CDS, except through a Participant.

Beneficial interests in Subscription Receipts will be represented solely through the book-entry only system and such interests will be evidenced by customer confirmations of purchase from the registered dealer from which the applicable Subscription Receipts are purchased in accordance with the practices and procedures of that registered dealer. In addition, registration of interests in and transfers of the Subscription Receipts will be made only through the depository service of CDS.

As indirect holders of Subscription Receipts, investors should be aware that they (subject to the situations described below): (a) may not have Subscription Receipts registered in their name; (b) may not have physical certificates representing their interest in the Subscription Receipts; (c) may not be able to sell the Subscription Receipts to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Subscription Receipts as security.

The Subscription Receipts will be issued to beneficial owners thereof in fully registered and certificate form (the “**Subscription Receipt Certificates**”) only if: (a) required to do so by applicable law, including where a Subscription Receipt certificate requires the addition of a legend under applicable securities laws in the United States; (b) the book-entry only system ceases to exist; (c) the Corporation or CDS advises the Escrow Agent that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Subscription Receipts and the Corporation is unable to locate a qualified successor; or (d) the Corporation, at its option, decides to terminate the book-entry only system through CDS.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Escrow Agent must notify CDS, for and on behalf of Participants and Beneficial Owners of Subscription Receipts, of the availability through CDS of Subscription Receipt Certificates. Upon surrender by CDS of the global certificates representing the Subscription Receipts and receipt of instructions from CDS for the new registrations, the Escrow Agent will deliver the Subscription Receipts in the form of Subscription Receipt Certificates and thereafter the Corporation will recognize the holders of such Subscription Receipt Certificates as subscription receipt holders under the Subscription Receipt Agreement.

Neither the Corporation nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Subscription Receipts held by CDS or any payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Subscription Receipts; or (c) any advice or representation made by or with respect to CDS and contained in this short form prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of a Participant. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and Beneficial Owners must look solely to Participants for any payments relating to the Subscription Receipts paid by or on behalf of the Corporation to CDS.

In the event that, prior to the date Common Shares become issuable pursuant to the Subscription Receipts, there is a subdivision, consolidation, reclassification or other change of the Common Shares or any reorganization, amalgamation, merger or sale of all or substantially all of the assets of the Corporation, the Subscription Receipts will thereafter evidence the right of the holder to receive the securities, property or cash deliverable in exchange for or on conversion of or in respect of the Common Shares to which the holder of a Subscription Receipt would have been entitled immediately after such event if it had been a holder of such Common Shares prior to such event. Similarly, any distribution to all or substantially all of the holders of Common Shares of rights, options, warrants, evidences of indebtedness or assets will result in an adjustment in the number of Common Shares to be issued to holders of Subscription Receipts. Alternatively, such securities, evidences of indebtedness or assets may, at the option of the Corporation, be issued to the Escrow Agent and delivered to holders of Subscription Receipts following the closing of the Acquisition.

The Subscription Receipt Agreement will provide for modifications and alterations thereto and to the Subscription Receipts issued thereunder by way of an extraordinary resolution. The term “extraordinary resolution” will be defined in the Subscription Receipt Agreement to mean, in effect, a resolution passed by the affirmative votes of the holders of not less than 66⅔% of the number of outstanding Subscription Receipts represented and voted at a meeting of holders or an instrument or instruments in writing signed by the holders of not less than 66⅔% of the number of outstanding Subscription Receipts.

DESCRIPTION OF SHARE CAPITAL

The authorized capital of Angle consists of an unlimited number of common shares and preferred shares, issuable in series. As at June 21, 2010, there were 60,901,598 Common Shares issued and outstanding. See “*Capitalization of the Corporation*”.

The holders of Common Shares are entitled to one vote per share at all meetings of shareholders of the Corporation, except meetings at which only holders of a specified class of Common Shares are entitled to vote. In addition, the holders of Common Shares are entitled to receive dividends if, as and when declared by the Board of Directors and to receive the remaining property and assets of the Corporation upon dissolution, subject to the prior rights and privileges attaching to any other class of Common Shares.

The preferred shares may from time-to-time be issued in one or more series. Prior to the issuance of a series of preferred shares, the Board of Directors may fix the number of preferred shares which are to comprise the series as well as the designation, rights, privileges, restrictions and conditions attached to each series.

CAPITALIZATION OF THE CORPORATION

The following table sets forth the capitalization of the Corporation as at March 31, 2010 before and after giving effect to the May Offering, the Offering and the Acquisition. This table should be read in conjunction with the audited consolidated financial statements of the Corporation for the year ended December 31, 2009 and the unaudited consolidated financial statements of the Corporation for the three months ended March 31, 2010, including the respective notes thereto and the management's discussion and analysis of results of operations and financial condition for each period, which have been incorporated by reference into this short form prospectus.

<u>Designation</u>	<u>Authorized</u>	<u>As at March 31, 2010 before giving effect to the May Offering, the Offering and the Acquisition</u>	<u>As at March 31, 2010 after giving effect to the May Offering but before the Offering and the Acquisition</u>	<u>As at March 31, 2010 after giving effect to the May Offering, the Offering and the Acquisition⁽¹⁾⁽⁵⁾</u>
Share Capital				
Common Shares ⁽²⁾⁽⁶⁾	Unlimited	\$176,868,000 (54,779,598 Common Shares)	\$221,343,000 (60,859,598 Common Shares)	\$273,878,000 (67,859,598 Common Shares)
Preferred Shares	Unlimited	\$Nil (Nil Preferred Shares)	\$Nil (Nil Preferred Shares)	\$Nil (Nil Preferred Shares)
Indebtedness				
Credit Facility ⁽³⁾⁽⁴⁾	\$120,000,000	\$48,393,000	\$3,918,000	\$66,383,000

Notes:

- (1) Without giving effect to the exercise of the Over-allotment Option, based on the issuance of 7,000,000 Subscription Receipts pursuant to the Offering for gross proceeds of \$55,300,000 less the Underwriters' fee of \$2,765,000 but prior to the deduction of the expenses of the Offering and qualification for distribution of the Subscription Receipts, estimated to be approximately \$450,000 and excluding the future income tax effect.
- (2) The Corporation is authorized to issue an unlimited number of Common Shares, of which 60,901,598 Common Shares are issued and outstanding as fully paid and non-assessable Common Shares as at June 21, 2010. In addition, 6,086,660 Common Shares have been reserved for issuance on exercise of a like number of outstanding options to purchase Common Shares issued under the Corporation's stock option plan.
- (3) On April 17, 2009, the Corporation replaced its credit facility with a new credit facility, with a syndicate being administered by a Canadian chartered bank, which was comprised of a \$70 million revolving extendable syndicated facility and a \$10 million revolving extendable operating facility. Subsequent to the establishment of this credit facility it was amended pursuant to an agreement dated December 14, 2009. The amendment occurred in two stages: first, on December 14, 2009, the amount of the syndicated facility was increased to \$88 million; and second, on January 12, 2010, upon the satisfaction of certain conditions relating to the Stonefire Acquisition, the amount of the syndicated facility was increased to \$110 million. The borrowing base under the credit facility is subject to semi-annual reviews. The credit facility bears interest at the bank's Canadian prime lending rate and U.S. base rate, plus applicable margins, subject to floor rates. Bankers' acceptances are available under both facilities and letters of credit are available under the operating facility at the applicable margins. Loans are secured by a debenture granting a floating charge over real property and a security interest in all other assets and guarantees by material subsidiaries secured by similar debentures. In March 2010, the semi-annual review was completed and Angle had its syndicated revolving credit facility increased to a total of \$120 million. Each of

the foregoing facilities become non-revolving for a 366 day term if not extended for up to 364 days at the end of each revolving period. The current revolving period will end on April 29, 2011.

- (4) The Corporation is currently in receipt of a letter from the Canadian chartered bank that administers the credit facility on behalf of a syndicate of banks, which states that the syndicate has approved an increase in the Corporation's aggregate debt financing. Upon completion of the Acquisition, and subject to the satisfaction of conditions that are typical of transactions of this nature, the Corporation's credit facility will be \$160 million (\$120 million based on the current assets of the Corporation with an additional \$40 million available following acquisition of the Acquired Assets).
- (5) Excludes additional Subscription Receipts, if any, issued upon exercise of the Over-allotment Option. The Corporation has granted to the Underwriters the Over-allotment Option to purchase up to an additional 1,050,000 Subscription Receipts, representing up to approximately 15% of the offering of Subscription Receipts, at the discretion of the Underwriters, on the same terms and conditions as the Offering, exercisable in whole or in part from time to time, not later than the 30th day following the closing of the Offering, to cover over-allotments, if any and for consequential market stabilization purposes.
- (6) As at March 31, 2010, Angle had 4,455,450 options outstanding pursuant to Angle's existing stock option plan. The options are exercisable into Common Shares at exercise prices ranging from \$1.00 to \$8.82 per Common Share and expire five years from the date of grant or earlier dependent upon certain events. The stock option grants vest one-third on the first, second and third anniversary of the date of grant (subject to acceleration in the event of change of control). In April 2010, an additional 125,500 options, having an exercise price of \$7.54 and expiring in April 2015, were granted; in May 2010, an additional 150,000 options having an average exercise price of \$7.45 and expiring in May 2015, were granted; and in June 2010, an additional 75,000 options having an average exercise price of \$8.00 and expiring in June 2015 were granted. In April 2010, 7,000 options, having a weighted average exercise price of \$4.93 were exercised; in May 2010, 10,000 options, having a weighted average exercise price of \$4.78 were exercised; and in June 2010, 25,000 options, having a weighted average exercise price of \$5.30 were exercised. In May 2010, 5,000 unvested options, having a weighted average exercise price of \$4.78 were forfeited; and in June 2010, 100,000 vested options, having a weighted average exercise price of \$5.30 were forfeited. See "*Prior Sales*" and "*Plan of Distribution*".

TRADING PRICE AND VOLUME

The Common Shares have been listed and posted for trading on the TSX under the trading symbol "NGL" since the Corporation went public in June 2008. The following sets forth the market price ranges and trading volumes for the Common Shares on the TSX for the periods indicated as reported by the TSX.

	High (\$/Share)	Low (\$/Share)	Volume
2009			
June	\$4.95	\$4.16	1,436,445
July	\$4.59	\$3.76	800,883
August	\$4.67	\$4.25	1,945,361
September	\$5.45	\$4.20	2,451,578
October	\$5.80	\$5.00	1,849,653
November	\$6.33	\$5.45	4,146,587
December	\$6.83	\$5.74	2,153,130
2010			
January	\$8.27	\$6.79	3,574,200
February	\$9.20	\$7.79	4,890,144
March	\$8.40	\$6.78	4,405,877
April	\$8.59	\$7.12	5,040,932
May	\$8.51	\$6.78	2,938,174
June (1-21)	\$8.66	\$7.83	2,476,029

On June 21, 2010, the last trading day prior to the filing of this short form prospectus, the closing price of the Common Shares on the TSX was \$8.05.

PRIOR SALES

During the twelve month period prior to the date of this short form prospectus, the Corporation issued 14,896,633 Common Shares, the particulars of which are set forth in the following table:

Date of Issue	Number of Common Shares Issued	Issue Price per Common Share or Exercise Price (\$)
July 7, 2009	60,000 ⁽¹⁾	\$1.00
July 16, 2009	485,000 ⁽¹⁾	\$1.00
July 17, 2009	120,000 ⁽¹⁾	\$1.00
September 3, 2009	41,667 ⁽¹⁾	\$1.00
October 6, 2009	40,000 ⁽¹⁾	\$3.00
October 14, 2009	30,000 ⁽¹⁾	\$3.00
October 16, 2009	50,000 ⁽¹⁾	\$3.00
October 16, 2009	7,000 ⁽¹⁾	\$4.43
December 15, 2009	7,535,000 ⁽²⁾	\$5.85
December 15, 2009	107,500 ⁽³⁾	\$5.85
January 19, 2010	45,000 ⁽¹⁾	\$3.00
January 25, 2010	25,000 ⁽¹⁾	\$1.00
January 28, 2010	180,666 ⁽¹⁾	\$2.56
February 26, 2010	27,800 ⁽¹⁾	\$4.00
March 29, 2010	2,000 ⁽¹⁾	\$3.00
March 30, 2010	18,000 ⁽¹⁾	\$3.42
April 7, 2010	5,000 ⁽¹⁾	\$4.78
April 30, 2010	2,000 ⁽¹⁾	\$5.30
May 7, 2010	6,080,000 ⁽⁴⁾	\$7.70
May 10, 2010	10,000 ⁽¹⁾	\$4.78
June 15, 2010	25,000 ⁽¹⁾	\$5.30
Total	14,896,633	

Notes:

- (1) Issued in connection with the exercise of the Corporation's stock options.
- (2) Issued in connection with a public offering of 7,535,000 Common Shares for gross proceeds of approximately \$44.1 million.
- (3) Issued in connection with a private placement of 107,500 Common Shares for gross proceeds of \$628,875.
- (4) Issued in connection with a public offering of 6,080,000 Common Shares for gross proceeds of approximately \$46.8 million.

During the twelve month period prior to the date of this short form prospectus, the Corporation granted 3,271,250 options issuable into 3,271,250 Common Shares, the particulars of which are set forth in the following table:

Date of Grant	Number and Type of Securities Issued⁽¹⁾	Average Exercise Price (\$)
August 7, 2009	334,000 Options ⁽²⁾	\$4.43
August 7, 2009	274,750 Options ⁽²⁾	\$5.30
August 7, 2009	150,000 Options ⁽²⁾	\$6.25
August 7, 2009	86,500 Options ⁽²⁾	\$6.44
August 7, 2009	1,127,500 Options	\$4.43
September 15, 2009	150,000 Options	\$5.19
September 28, 2009	250,000 Options	\$5.05
November 18, 2009	100,000 Options	\$6.00
December 1, 2009	75,000 Options	\$6.02
January 4, 2010	7,500 Options	\$6.72
January 11, 2010	75,000 Options	\$8.10
February 17, 2010	218,500 Options	\$8.82
March 22, 2010	72,000 Options	\$7.95
April 12, 2010	125,500 Options	\$7.54
May 25, 2010	150,000 Options	\$7.45
June 3, 2010	75,000 Options	\$8.00
Total	3,271,250 Options	

Notes:

- (1) Each option entitles the holder thereof to acquire one Common Share, on the terms and conditions set forth in the Corporation's stock option plan and expires five years from the date of issuance. For further information, see "*Compensation of the Executive Officers - Stock Option Plan*" in the information circular dated March 30, 2010.
- (2) Issued in connection with the collapse of the Corporation's share appreciation rights plan.

USE OF PROCEEDS

The net proceeds to the Corporation from the sale of the Subscription Receipts hereunder are estimated to be \$52,535,000 after deducting the Underwriters' fee of \$2,765,000 but before deducting the estimated expenses of the Offering of \$450,000. If the Over-allotment Option is exercised in full, the total offering price to the public, the Underwriters fee and net proceeds to the Corporation (before deducting the expenses of the Offering) will be \$63,595,000, \$3,179,750 and \$60,415,250, respectively. See "*Plan of Distribution*".

The gross proceeds of the sale of the Subscription Receipts will be the Escrowed Funds. The cash purchase price to be paid by the Corporation for the Acquired Assets is \$115 million, subject to adjustment. The Corporation will fund a portion of the purchase price of the Acquired Assets with the Escrowed Funds and the remainder with bank debt. All of the net proceeds of the Offering will be used to fund the Corporation's purchase price obligations under the Acquisition Agreement. See "*The Acquisition – The Acquisition Agreement*" for a description of this acquisition.

In order to finance the portion of the Acquisition that is not being financed by the proceeds of the sale of the Subscription Receipts, the Corporation intends to draw down additional indebtedness under its existing credit facility. In addition, the Corporation may need to find additional sources of financing to repay this amount when it becomes due.

While the Corporation intends to use the net proceeds as stated above, there may be circumstances that are not known at this time where a reallocation of the net proceeds may be advisable for business reasons that management believes are in the Corporation's best interests. In addition, as described above under "*The Acquisition*", to the extent that third parties exercise ROFRs, the Corporation will not be required to pay the portion of the Purchase Price to the Vendors attributable to such ROFR Assets and a greater percentage of the proceeds from the Offering may be used for the 2010 capital program, debt repayments and other corporate purposes and the anticipated allocation of such proceeds may vary. See "*The Acquisition*", "*Information Concerning the Acquired Assets*" and "*Risk Factors – Possible Failure to Realize Anticipated Benefits of the Acquisition*".

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Corporation has agreed to issue and sell an aggregate of 7,000,000 Subscription Receipts to the Underwriters, and the Underwriters have severally agreed to purchase such Subscription Receipts on June 30, 2010, or such other date before the closing of the Acquisition and not later than July 7, 2010 as may be agreed among the parties to the Underwriting Agreement. Delivery of the Subscription Receipts is conditional upon payment on closing of \$7.90 per Subscription Receipt by the Underwriters to the Escrow Agent.

The Underwriting Agreement provides that the Corporation will pay the Underwriters' fee of \$0.395 per Subscription Receipt for Subscription Receipts issued under the Offering, for an aggregate fee payable by the Corporation of \$2,765,000, in consideration for their services in connection with the Offering. The Underwriters' fee in respect of the Subscription Receipts is payable 50% upon the closing of the Offering and 50% upon the closing of the Acquisition. The Underwriters' fee in respect of the Subscription Receipts will be reduced to the amount payable upon closing of the Offering if the Acquisition does not Close. The terms of the Offering were determined by negotiation between the Corporation and the Co-Lead Underwriters on their own behalf and on behalf of the other Underwriters.

Under the terms of the Underwriting Agreement, the Corporation has granted the Over-allotment Option to the Underwriters. Pursuant to the Over-allotment Option, the Underwriters may purchase up to 1,050,000 additional Subscription Receipts (or Common Shares, if the Over-allotment Option is exercised after the completion of the

Acquisition) under the Offering at the Offering Price. The Over-allotment Option is exercisable at any time for a period of 30 days following the closing of the Offering.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint, and may be terminated upon the occurrence of certain stated events. The obligations of the Corporation and the Underwriters under the Underwriting Agreement to complete the purchase and sale of the Subscription Receipts will terminate automatically if the Termination Time occurs. Subject to certain exceptions contained in the Underwriting Agreement, if an Underwriter fails to purchase the Subscription Receipts which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Subscription Receipts. The Underwriters are, however, obligated to take up and pay for all Subscription Receipts if any are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Corporation will indemnify the Underwriters and their directors, officers, agents, shareholders and employees against certain liabilities and expenses.

Except in certain limited circumstances, the Subscription Receipts will be issued in “book-entry only” form and must be purchased or transferred through a Participant in the depository service of CDS. See “*Description of Subscription Receipts – Book-Entry Only System*”.

The Corporation has been advised by the Underwriters that, in connection with the Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Subscription Receipts or the Common Shares at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Underwriters propose to offer the Subscription Receipts to the public initially at the Offering Price set forth on the face page of this short form prospectus. Subject to applicable laws and without affecting the firm obligation of the Underwriters to purchase from the Corporation 7,000,000 Subscription Receipts at the Offering Price in accordance with the Underwriting Agreement, after the Underwriters have made reasonable efforts to sell all of the Subscription Receipts offered hereby at the price specified herein, the offering price to the public may be decreased and further changed from time to time to an amount not greater than the Offering Price specified herein. Such decrease in the Offering Price to the public will not affect the compensation of \$0.395 per Subscription Receipt to be paid by the Corporation to the Underwriters (assuming the Acquisition closes), and it will not decrease the amount of the net proceeds of the Offering to the Corporation. The Underwriters will inform the Corporation if the Offering Price to the public is decreased.

The Corporation has agreed to indemnify the Underwriters and their affiliates and their respective directors, officers, employees and agents against certain liabilities and expenses.

At any time prior to 90 days after the closing of the Offering, the Corporation has agreed that it will not, without the prior consent of the Co-Lead Underwriters, which consent may not be unreasonably withheld, offer, or announce the offering of, or make or announce any agreement to issue, sell, or exchange Common Shares or any securities convertible or exchangeable into Common Shares, excluding any Common Shares eligible to be issued upon exercise of outstanding convertible securities and any additional options that may be issued under the normal course of business under the Corporation’s stock option plan or to satisfy existing instruments and agreements previously issued and executed prior to the date of the Underwriting Agreement.

In the event that the Acquisition closes concurrently with the closing of the Offering, the Corporation will issue Common Shares, rather than Subscription Receipts, to subscribers in this Offering.

The TSX has conditionally approved the listing of the Subscription Receipts and the Common Shares issuable pursuant to the Subscription Receipts distributed under this short form prospectus on the TSX. Listing of such securities is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before September 9, 2010. **There is no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this short form prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”.**

The Subscription Receipts and the Common Shares issuable pursuant to the Subscription Receipts (collectively, the “**Securities**”) have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the “**1933 Act**”), or any state securities laws, and, accordingly, the Securities may not be offered or sold within the United States or to, or for the benefit of, U.S. persons except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws. In addition, until 40 days after the commencement of the Offering, an offer or sale of Securities within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the 1933 Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the 1933 Act.

RELATIONSHIP BETWEEN THE CORPORATION AND CERTAIN UNDERWRITERS

CIBC World Markets Inc. is directly or indirectly, a wholly-owned subsidiary of a Canadian chartered bank (the “**Bank**”) that lends to the Corporation under the Corporation’s credit facility. Consequently, the Corporation may be considered to be a “connected issuer” of this Underwriter under applicable Canadian securities legislation. See notes (3) and (4) to the table under “*Capitalization of the Corporation*” for a description of the Corporation’s credit facilities and outstanding indebtedness. The Corporation is presently in compliance with all material terms of the agreements governing such credit facilities and none of the lenders have waived any breach by the Corporation of those agreements since execution. The existing credit facilities are secured by a first floating charge over all of Angle’s assets. Apart from that and changes in market prices for oil, natural gas and natural gas liquids, neither the Corporation’s financial position nor the value of the security under the credit facilities has changed adversely since the indebtedness under the credit facilities was incurred.

The Corporation was indebted to the Bank under the credit facility for an aggregate amount of approximately \$48.4 million as at March 31, 2010. The Corporation is in compliance with all material terms of the agreements governing the credit facility and the Bank has not waived any material breach by the Corporation of such agreement since its execution. Amounts outstanding under the credit facility are secured by a fixed and floating charge debenture on the assets of the Corporation. The proceeds of the Offering will not be applied to repay any of the indebtedness owed to the Bank under the credit facility.

The decision to distribute the Subscription Receipts offered hereby and the determination of the terms of the Offering were made through negotiations between the Corporation and the Co-Lead Underwriters. The Bank did not have any involvement in such decision or determination, but has been advised of the issuance and terms thereof. As a consequence of the Offering, CIBC World Markets Inc. will receive its respective share of the underwriting fee payable by the Corporation to the Underwriters.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Corporation and McCarthy Tétrault LLP, counsel to the Underwriters (collectively, “**Counsel**”), the following summary, as of the date hereof, describes the principal Canadian federal income tax considerations generally applicable under the Tax Act to a purchaser who acquires Subscription Receipts pursuant to the Offering and who at all relevant times, for purposes of the Tax Act holds the Subscription Receipts and the Common Shares issued pursuant to the Subscription Receipts (together, the “**Securities**”) as capital property and deals at arm’s length with, and is not affiliated with, the Corporation and the Underwriters (a “**Holder**”). Generally, the Securities will be capital property to a Holder provided the Holder does not acquire or hold the Securities in the course of carrying on a business or as part of an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act, and Counsel’s understanding of the current administrative policies and assessing practices of the CRA published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice whether by legislative, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective purchasers of Subscription Receipts should consult their own tax advisors having regard to their own particular circumstances.

Taxation of Holders of Subscription Receipts Resident in Canada

This portion of the summary is generally applicable to a Holder who at all relevant times, for the purposes of the Tax Act, is, or is deemed to be resident in Canada (a “**Resident Holder**”). Certain Resident Holders whose Common Shares do not otherwise qualify as capital property may be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) the effect of which may be to deem to be capital property any Common Shares (and all other “Canadian securities”, as defined in the Tax Act) owned by such Resident Holder in the taxation year in which the election is made and in all subsequent taxation years. **Resident Holders whose Common Shares might not otherwise be considered to be capital property should consult their own tax advisors concerning this election. Any such election will not apply to deem Subscription Receipts to be capital property.**

This summary is not applicable to (i) a purchaser that is a “specified financial institution”, (ii) a purchaser an interest in which is a “tax shelter investment”, (iii) a purchaser that is a “financial institution” for purposes of certain rules referred to as the mark-to-market rules, or (iv) a purchaser to whom the “functional currency” reporting rules apply, each as defined in the Tax Act. **Such purchasers should consult their own tax advisors with respect to an investment in the Securities.**

This opinion is based upon the understanding of Counsel that a Subscription Receipt evidences a right to acquire a Common Share on the satisfaction of certain conditions. No advance tax ruling in respect of the Offering has been sought from the CRA and Counsel is not aware of any judicial authority relating to this characterization.

Subscription Receipts

Issuance of Common Shares

No capital gain or capital loss will be realized by a Resident Holder on the issuance of a Common Share pursuant to a Subscription Receipt. The Resident Holder’s cost of a Common Share issued pursuant to a Subscription Receipt will be equal to the Resident Holder’s adjusted cost base of such Subscription Receipt immediately prior to the issuance of the Common Share. The cost of any Common Shares acquired pursuant to the Subscription Receipts must be averaged with the adjusted cost base of any other Common Shares held by the Resident Holder to determine the adjusted cost base of each Common Share held.

Disposition of Subscription Receipts

A disposition or deemed disposition by a Resident Holder of a Subscription Receipt, other than on the exchange thereof for a Common Share, but including on the repayment of the issue price thereof by the Corporation in the event the Acquisition is not completed before the Termination Time, will generally result in the Resident Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition are greater (or less) than the aggregate of the Resident Holder’s adjusted cost base of such Subscription Receipt and any reasonable costs of disposition. See “*Taxation of Capital Gains and Capital Losses*”

In the event that a Resident Holder becomes entitled to the repayment of the issue price of a Subscription Receipt as a consequence of the Acquisition not becoming effective prior to the Termination Time, any amount that is paid to the Resident Holder by the Corporation as or on account of interest on the Escrowed Funds will be included in the Resident Holder’s income and excluded from the Resident Holder’s proceeds of disposition.

Interest on Escrowed Funds

A Resident Holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing income for a taxation year any interest accrued to the Resident

Holder on the Escrowed Funds to the end of the Resident Holder's taxation year, or that is receivable or received by the Resident Holder before the end of that taxation year, except to the extent that such interest was included in computing the Resident Holder's income for a preceding taxation year. Any other Resident Holder that is entitled to receive its share of interest earned on the Escrowed Funds will be required to include in income for a taxation year such interest as is received or receivable by the Resident Holder in that taxation year, depending on the method regularly followed by the Resident Holder in computing income.

Common Shares

Dividends on Common Shares

Dividends received or deemed to be received on the Common Shares will be included in computing the Resident Holder's income. In the case of an individual Resident Holder (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of taxable dividends received from taxable Canadian corporations (as defined in the Tax Act), including the enhanced gross-up and dividend tax credit applicable to any dividends designated by the Corporation as an eligible dividend in accordance with the provisions of the Tax Act. A dividend received or deemed to be received by a Resident Holder that is a corporation will generally be deductible in computing the corporation's taxable income, subject to all relevant restrictions under the Tax Act.

A Resident Holder that is a private corporation (as defined in the Tax Act), or any other corporation controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) will generally be liable to pay a refundable tax of 33 $\frac{1}{3}$ % under Part IV of the Tax Act on dividends received or deemed to be received on Common Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income for the taxation year.

Disposition of Common Shares

Generally, a Resident Holder who disposes of or is deemed to have disposed of a Common Share will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of the Common Share immediately before the disposition or deemed disposition. See "*Taxation of Capital Gains and Capital Losses*".

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of any dividends received or deemed to be received by the Resident Holder on such Common Share. Similar rules may apply where a Common Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Such Holders should consult their own advisors.

Minimum Tax

In general terms, a Resident Holder who is an individual (other than certain trusts) that receives or is deemed to have received taxable dividends on the Common Shares or realizes a capital gain on the disposition or deemed disposition of the Common Shares or the Subscription Receipts may be liable for a minimum tax under the Tax Act. Resident Holders that are individuals should consult their own tax advisors in this regard.

Taxation of Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Holder in the year. Allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of a Common Share by a Resident Holder that is a corporation may, in certain circumstances, be reduced by the amount of dividends received or deemed to have been received by it on such Common Shares, to the extent and under the circumstances specified in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional tax of 6²/₃%, refundable in certain circumstances, on certain investment income, including interest and taxable capital gains.

Taxation of Holders of Subscription Receipts Not Resident in Canada

This portion of the summary is generally applicable to a Holder who at all relevant times, for the purposes of the Tax Act: (i) is not, and is not deemed to be, resident in Canada; (ii) does not use or hold any Securities in business carried on in Canada; and (iii) is not an insurer who carries on an insurance business in Canada and elsewhere (a “**Non-Resident Holder**”).

Issuance of Securities

No gain or loss will be realized by a Non-Resident Holder on the issuance of a Common Share pursuant to a Subscription Receipt.

Disposition of Securities

A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gains realized on the disposition or deemed disposition of a Subscription Receipt or a Common Share issued pursuant to a Subscription Receipt, as the case may be, unless the Subscription Receipt or the Common Share issued pursuant to a Subscription Receipt, as the case may be, are “taxable Canadian property” to the Non-Resident Holder for the purposes of the Tax Act and the Non-Resident Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, the Securities will not constitute taxable Canadian property to a Non-Resident Holder at a particular time provided that (a) the Common Shares are listed at that time on a designated stock exchange (which includes the TSX) (the “**Listing Requirement**”) and (b) the Non-Resident Holder, persons with whom the Non-Resident Holder does not deal with at arm’s length, or the Non-Resident Holder together with all such persons, have not owned 25% or more of any class or series of the capital stock of the Corporation at any time during the 60-month period that ends at that time (the “**Ownership Threshold**”). Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, the Securities could be deemed to be taxable Canadian property.

In the Federal Budget announced on March 4, 2010, the Minister of Finance (Canada) proposed amendments to the definition of taxable Canadian property. The Proposed Amendments provide that, where the Listing Requirement is satisfied the Securities will not constitute taxable Canadian property to a Non-Resident Holder at a particular time, provided that either the Ownership Threshold is satisfied or the Securities, at any time during the 60-month period that ends at that time, did not derive, directly or indirectly, more than 50% of their fair market value from one or any combination of (i) real or immovable property situated in Canada, (ii) “Canadian resource properties” (as defined in the Tax Act), (iii) “timber resource properties” (as defined in the Tax Act), and (iv) options or interests in respect of property described in (i) to (iii).

Non-Resident Holders whose Securities may constitute taxable Canadian property should consult their own tax advisors.

Canadian Withholding Tax

Dividends paid or credited on Common Shares or deemed to be paid or credited on the Common Shares to a Non-Resident Holder will be subject to non-resident withholding tax under the Tax Act at a rate of 25%, subject to reduction under the provisions of an applicable income tax treaty or convention.

If the Acquisition is not completed before the Termination Date, the repayment of the issue price (including any amount paid as or on the account of interest on the Escrowed Funds) to a Non-Resident Holder will not generally be subject to non-resident withholding tax under the Tax Act.

ELIGIBILITY FOR INVESTMENT

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Corporation, and McCarthy Tétrault LLP, counsel to the Underwriters, based on the provisions of the Tax Act in force on the date hereof, and the proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, provided the Subscription Receipts are listed on a designated stock exchange (which includes the TSX) on the Closing Date of the Offering and subject to the provisions of any of the Plans (as defined herein), the Subscription Receipts will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (“TFASAs”) (collectively, the “Plans”), and provided the Common Shares issuable pursuant to the Subscription Receipts are listed on a designated stock exchange at the time such Common Shares are issued, such Common Shares, subject to the provisions of any of the Plans, will be qualified investments under the Tax Act for the Plans at such time.

Provided the holder of a TFSA deals at arm’s length with the Corporation and does not have a “significant interest” (within the meaning of the Tax Act) in the Corporation or in a corporation, partnership or trust that does not deal at arm’s length with the Corporation, the Subscription Receipts and the Common Shares issuable pursuant to the Subscription Receipts will not be a “prohibited investment” under the Tax Act for such TFSA.

RISK FACTORS

An investment in the Subscription Receipts and Common Shares should be considered speculative due to various factors, including the nature of the Corporation’s involvement in the exploration for, and the acquisition, development and production of, oil and natural gas reserves and resources. The Corporation’s business is subject to the risks normally encountered in the oil and natural gas industry such as the marketability of oil and natural gas, competition with companies having greater resources, acquisition, exploration and production risks, need for capital, fluctuations in the market price and demand for oil and natural gas and the regulation of the oil and natural gas industry by various levels of government. The oil and natural gas reserves and recovery information incorporated by reference in this short form prospectus are estimates only and the actual production and ultimate reserves recovered from the Corporation’s properties and acquisitions may be greater or less than the estimates contained in this short form prospectus. The success of acquisitions and further exploration or development projects cannot be assured. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation.

Risk factors relating to the Corporation are discussed in the Annual Information Form and management’s discussion and analysis, each of which are incorporated by reference in this short form prospectus. These risk factors, together with all of the other information included or incorporated by reference in this short form prospectus, should be carefully reviewed and considered before a decision is made to invest in the securities offered hereunder. Such risks may not be the only risks facing the Corporation. Additional risks not currently known may also negatively impact the Corporation’s business operations and results of operation.

Possible Failure to Complete the Acquisition

The Acquisition is subject to normal commercial risks that the transaction may not be completed on the terms negotiated or at all. In addition, if the Acquisition does not take place by the Termination Time, then the Subscription Receipts will be cancelled and the Escrow Agent and the Corporation must repay to holders of

Subscription Receipts an amount equal to the subscription price thereof plus a *pro rata* share of the interest earned on the Escrowed Funds. In that case, the total return that a purchaser of Subscription Receipts would be entitled to receive would be limited to the purchaser's *pro rata* share of interest earned on the subscription price for such purchaser's Subscription Receipts. The purchaser would not be entitled to participate in any growth in the trading price of the Common Shares. Further, the purchaser would be restricted from using the funds devoted to the acquisition of the Subscription Receipts for any other investment opportunities until the Escrowed Funds are returned to the purchaser. If closing of the Acquisition does not take place as contemplated, in accordance with the terms of the Acquisition Agreement, the Corporation could suffer adverse consequences, including the forfeiture of deposits or the loss of investor confidence.

Possible Failure to Realize Anticipated Benefits of the Acquisition

The Corporation is proposing to complete the Acquisition to strengthen its position in the oil and natural gas industry and to create the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of the Acquisition and future acquisitions the Corporation may complete depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of the Acquired Assets requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the Corporation's ability to achieve the anticipated benefits of the Acquisition and future acquisitions.

As described above under "*The Acquisition*", ROFR Assets constitute approximately 0.5% of the total current production and proved reserves at December 31, 2009 of the Acquired Assets and, although the exact amount has not been determined at this time, the Corporation anticipates that ROFR Assets will be allocated a value of approximately 1.3% (\$1,500,000.00) of the Purchase Price. To the extent that third parties appropriately exercise such ROFRs, the Corporation will still be required to complete the Acquisition but will not acquire title to the ROFR Assets and will not be required to pay the portion of the Purchase Price to the Vendors attributable to such ROFR Assets. However, if the Acquisition is completed, the Subscription Receipts will be converted into the Common Shares issuable pursuant to the Subscription Receipts and the Corporation will receive the full amount of the proceeds from the Offering. Such use of proceeds may not generate the additional cash flow that would have been generated from the ROFR Assets for which the ROFR was exercised, and there can be no assurance that the Corporation will identify uses for such proceeds that will be as beneficial to the Corporation as the acquisition of the ROFR Assets that were not acquired by the Corporation.

Furthermore, all of the historical reserves and operational information, and the revenues, royalties and operating expenses associated with such ROFR Assets will be reduced in a proportion generally equivalent to the proportion of the Acquired Assets in respect of which the ROFRs are exercised.

Operational and Reserves Risks Relating to the Acquired Assets

The risk factors set forth in the Annual Information Form and in this short form prospectus relating to the oil and natural gas business, the operations and reserves of the Corporation, environmental concerns, abandonment and reclamation costs, impact of future capital expenditures, permit and license risks, title issues and aboriginal claims, among others, apply equally in respect of the Acquired Assets that the Corporation intends to acquire pursuant to the Acquisition. In particular, the reserve and recovery information contained in the Angle Internal Report in respect of the Acquired Assets are only estimates and the actual production from and ultimate reserves of, those properties may be greater or less than the estimates in such reports. Further, there may be liabilities that Angle may have failed to discover or was unable to quantify in the due diligence which Angle conducted prior to the execution of the Acquisition Agreement relating to the Acquisition.

Market for Securities

The TSX has conditionally approved the listing of the Subscription Receipts and the Common Shares issuable pursuant to the Subscription Receipts (including the Subscription Receipts issuable pursuant to the Over-allotment Option and the Common Shares issuable thereunder) on the TSX. There is currently no market through which the Subscription Receipts may be sold and there is no guarantee that an active trading market will develop. Accordingly, purchasers may not be able to resell Subscription Receipts purchased under this short form prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and the availability of trading prices and the liquidity of the securities. There can be no assurance that an active trading market will develop for the Subscription Receipts after the Offering, or if developed, that such a market will be sustained at the price level of the Offering.

Risks Associated with Acquisitions

Acquisitions of oil and gas properties or companies are based in large part on engineering, environmental and economic assessments made by the acquiror, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of the Corporation. All such assessments involve a measure of geologic, engineering, environmental and regulatory uncertainty that could result in lower production or reserves or higher operating or capital expenditures than anticipated.

Although select title and environmental reviews are conducted prior to any purchase of resource assets, such reviews cannot guarantee that any unforeseen defects in the chain of title will not arise to defeat the Corporation's title to certain assets or that environmental defects or deficiencies do not exist or are greater than anticipated. Such deficiencies or defects could adversely affect the value of the Acquired Assets and the Corporation's securities.

Market Conditions

As a result of the weakened global economic situation and the recent downturn in oil, natural gas and other commodity prices, the Corporation, along with all other oil and gas issuers, will face reduced cash flow and restricted access to capital until these conditions improve. A prolonged period of adverse market conditions may impede the Corporation's ability to finance planned capital expenditures. In addition, a prolonged period of adverse market conditions may impede the Corporation's ability to refinance its credit facility or arrange alternative financing when the facility becomes due or if the lending limits under the facility are reduced upon periodic review. In each case, the Corporation's ability to maintain and grow its reserves and fully exploit its properties for the benefit of the Shareholders would be adversely affected.

Additional Indebtedness

In order to finance the portion of the Acquisition that is not being financed by the proceeds of the sale of the Subscription Receipts, the Corporation intends to draw down additional indebtedness under its existing credit facility. The additional indebtedness will increase the interest payable by the Corporation from time to time until such amounts are repaid, which will represent an increase in the Corporation's cost and a potential reduction in the Corporation's income. In addition, the Corporation may need to find additional sources of financing to repay this amount when it becomes due. There can be no guarantee that the Corporation will be able to obtain financing on terms acceptable to it or at all at such time.

Volatility of Market Price of Common Shares

The market price of the Common Shares may be volatile. The volatility may affect the ability of holders to sell the Common Shares at an advantageous price. Market price fluctuations in the Common Shares may be due to the Corporation's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general

market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Corporation or its competitors, along with a variety of additional factors, including, without limitation, those set forth under “*Forward-Looking Statements*”. In addition, the market price for securities in the stock markets, including the TSX, recently experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market price of the Common Shares.

Future Financing

The Corporation may require future financing through the issuance of equity or debt to fund its future exploration, development and operations. There can be no assurance that additional financing will be available to the Corporation when needed or on terms acceptable to the Corporation. The Corporation’s inability to raise funding to support ongoing operations and to fund capital expenditures or acquisitions may limit the Corporation’s growth or may have a material adverse affect upon the Corporation. The Corporation cannot predict the size of future issuances of equity or the issuance of debt or the effect, if any, that future issuances and sales of the Corporation’s securities will have on the market price of the Common Shares.

Forward-Looking Information may Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Additional information on the risks, assumptions and uncertainties are found in this short form prospectus under the heading “*Forward-Looking Statements*”.

LEGAL PROCEEDINGS

To the knowledge of the Corporation, there are no legal proceedings or regulatory actions material to the Corporation to which the Corporation is a party or of which any of its properties are the subject matter, nor are any such proceedings known to the Corporation to be contemplated.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of the Corporation are KPMG LLP, Chartered Accountants.

Valiant Trust Company is the registrar and transfer agent for the Common Shares at its principal office in Calgary, Alberta, with a branch office in Toronto, Ontario.

INTEREST OF EXPERTS

Certain legal matters relating to the Offering will be passed upon by Osler, Hoskin & Harcourt LLP on behalf of the Corporation and McCarthy Tétrault LLP on behalf of the Underwriters. As at the date hereof, each of Osler, Hoskin & Harcourt LLP and McCarthy Tétrault LLP and their designated professionals, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Corporation and its associates and affiliates. Ms. Noralee Bradley, chair of the Board, is a partner of Osler, Hoskin & Harcourt LLP.

Reserves estimates contained in this short form prospectus and in certain documents incorporated by reference in this short form prospectus are derived from reports prepared by GLJ Petroleum Consultants Ltd. (“**GLJ**”) as independent reserves evaluators, with respect to reserves of the Corporation. As at the date hereof, to the knowledge of the Corporation, neither GLJ nor its officers, directors, employees or consultants beneficially own, directly or indirectly, any of the securities of the Corporation and its associates and affiliates.

This short form prospectus contains reserve estimates with respect to the Acquired Assets prepared by Matthew Mazuryk, Vice President of Engineering of the Corporation, who is considered a qualified reserves evaluator in accordance with NI 51-101. As of the date hereof, Mr. Mazuryk beneficially owns, directly and indirectly, less than 1% of the outstanding securities of the Corporation.

KPMG LLP, auditors of the Corporation, are independent of the Corporation pursuant to the rules of professional conduct applicable to auditors in the province of Alberta.

Collins Barrow Calgary LLP, auditors of Stonefire, are independent of Stonefire pursuant to the rules of professional conduct applicable to auditors in the province of Alberta.

Grant Thornton LLP, auditors of the Vendors, are independent of the Vendors pursuant to the rules of professional conduct applicable to auditors in the province of Alberta.

STATUTORY AND CONTRACTUAL RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two Business Days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the province in which the purchaser resides for the particulars of these rights or consult with a legal advisor.

Under the Subscription Receipt Agreement, original purchasers of Subscription Receipts under the Offering will have a contractual right of rescission following the issuance of Common Shares to such purchaser upon the exchange of the Subscription Receipts to receive the amount paid for the Subscription Receipts if this short form prospectus (including documents incorporated by reference) or any amendment contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days of closing of the Offering.

AUDITORS' CONSENTS

Consent of KPMG LLP

To the Board of Directors of Angle Energy Inc.

We have read the short form prospectus of Angle Energy Inc. (the "**Corporation**") dated June 22, 2010 relating to the qualification for distribution of subscription receipts of the Corporation. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of the Corporation on the consolidated balance sheets of the Corporation as at December 31, 2009 and 2008 and the consolidated statements of operations and retained earnings and cash flows for the years then ended. Our report is dated March 19, 2010.

(signed) "*KPMG LLP*"
Chartered Accountants
Calgary, Canada
June 22, 2010

Consent of Collins Barrow Calgary LLP

To the Board of Directors of Angle Energy Inc.

We have read the short form prospectus of Angle Energy Inc. (the "**Corporation**") dated June 22, 2010 relating to the qualification for distribution of subscription receipts of the Corporation. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholder of Stonefire Energy Corp. ("**Stonefire**") on the balance sheets of Stonefire as at December 31, 2009 and 2008, and the statements of income (loss), comprehensive income (loss) and retained earnings and cash flows for the years then ended. Our report is dated February 19, 2010.

(signed) "*Collins Barrow Calgary LLP*"
Chartered Accountants
Calgary, Canada
June 22, 2010

Consent of Grant Thornton LLP

To the Board of Directors of Angle Energy Inc.

We have read the short form prospectus of Angle Energy Inc. (the “**Corporation**”) dated June 22, 2010 relating to the qualification for distribution of subscription receipts of the Corporation. We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents.

We consent to the use in the above-mentioned short form prospectus of our report to the directors of Compton Petroleum Corporation on the schedules of revenue, royalties, operating expenses and transportation expenses for the Niton West Area Properties to be acquired by the Corporation pursuant to the purchase and sale agreement dated June 7, 2010 for each of the years in the two-year period ended December 31, 2009. Our report is dated June 9, 2010.

(signed) “*Grant Thornton LLP*”
Chartered Accountants
Calgary, Canada
June 22, 2010

**SCHEDULE "A" – SCHEDULES OF REVENUE,
ROYALTIES, OPERATING EXPENSES AND TRANSPORTATION EXPENSES**

Auditors' Report

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Calgary, AB
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To the Board of Directors of
Compton Petroleum Corporation

We have audited the Schedules of Revenue, Royalties, Operating Expenses and Transportation Expenses for the Niton West Area Properties for each of the years in the two year period ended December 31, 2009. This financial information is the responsibility of management. Our responsibility is to express an opinion on this financial information based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial information presentation.

In our opinion, the Schedules of Revenue, Royalties, Operating Expenses and Transportation Expenses presents fairly, in all material respects, the revenue, royalties and expenses of the Niton West Area Properties for each of two years in the two year period ended December 31, 2009 in accordance with Canadian generally accepted accounting principles.

Calgary, Canada
June 9, 2010

(signed) "Grant Thornton LLP"
Chartered Accountants

Compton Petroleum Corporation

Niton West Area Properties

Schedules of Revenue, Royalties, Operating Expenses and Transportation Expenses

For the years ended December 31, 2009 and 2008 (audited) and three months ended March 31, 2010 and 2009 (unaudited)

	3 months March 31, 2010 <u>(unaudited)</u>	3 months March 31, 2009 <u>(unaudited)</u>	Year ended December 31, 2009 <u></u>	Year ended December 31, 2008 <u></u>
Revenue	\$ 8,083,854	\$ 11,206,323	\$ 32,136,100	\$ 66,214,660
Royalties	(1,717,624)	(2,890,553)	(6,668,409)	(16,910,471)
Operating expenses	(1,864,036)	(2,416,683)	(8,219,818)	(9,096,330)
Transportation expenses	(169,015)	(218,193)	(663,505)	(624,617)
Net operating income	\$ 4,333,179	\$ 5,680,894	\$ 16,584,368	\$ 39,583,242

See accompanying notes

Compton Petroleum Corporation

Niton West Area Properties

Notes to the Schedules of Revenue, Royalties, Operating Expenses and Transportation Expenses
For the years ended December 31, 2009 and 2008 (audited) and three months ended March 31, 2010 and 2009 (unaudited)

1. BASIS OF PRESENTATION

These schedules have been prepared by management of Compton Petroleum Corporation (the "Company") and relate only to the working interests in specific Niton West Area Properties to be acquired by Angle Energy Inc., pursuant to the purchase and sale agreement dated June 7, 2010. The results have been compiled on an activity month basis.

These schedules include only revenue, royalties, operating expenses and transportation expenses that are directly related to the properties to be acquired and do not include any expenses related to geological and geophysical, general and administrative, insurance, interest and finance, foreign exchange or risk management gains (losses), income and capital taxes or any provisions related to depletion, depreciation or asset retirement obligations.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue

Revenue associated with the production and sale of crude oil, natural gas, and natural gas liquids owned by the Company is recognized when title passes to the customer and delivery has taken place. Revenue as reported, represents the Company's share and is presented before royalty payments to governments and other mineral interest owners.

(b) Royalties

Royalties are recorded at the time the product is produced and are calculated in accordance with the applicable regulations.

(c) Operating and transportation expenses

Operating and transportation expenses include all costs related to the lifting, gathering, processing, and delivery to a sales point of the commodities.

(d) Joint operations

A portion of the Niton West Area Properties are operated through joint ventures. The schedules reflect only the Company's proportionate interest in the properties.

SCHEDULE “B” – UNAUDITED *PRO FORMA* NET OPERATING INCOME STATEMENTS

Pro Forma Net Operating Income Statements of

ANGLE ENERGY INC.

For the three months ended March 31, 2010
and for the year ended December 31, 2009

ANGLE ENERGY INC.

Pro Forma Net Operating Income Statement

Three months ended March 31, 2010
(Unaudited)
(\$000's)

	Angle Energy Inc.	Niton West Properties	Pro Forma Adjustments	Notes	Pro Forma Angle Energy Inc.
Revenue:					
Petroleum and natural gas	\$ 27,842	\$ 8,084	\$ 552	2(a)	\$ 36,478
Royalties	(7,753)	(1,718)	(145)	2(a)	(9,616)
	20,089	6,366	407		26,862
Expenses:					
Operating	3,716	1,864	29	2(a)	5,609
Transportation	423	169	8	2(a)	600
	4,139	2,033	37		6,209
Net operating income	\$ 15,950	\$ 4,333	\$ 370		\$ 20,653

See accompanying notes to the pro forma net operating income statements.

ANGLE ENERGY INC.

Pro Forma Net Operating Income Statement

Year ended December 31, 2009
(Unaudited)
(\$000's)

	Angle Energy Inc.	Stonefire Energy Corp.	Niton West Properties	Pro Forma Adjustments	Notes	Pro Forma Angle Energy Inc.
Revenue:						
Petroleum and natural gas	\$ 79,998	\$ 16,524	\$ 32,136	\$ -		\$ 128,658
Royalties	(19,902)	(3,672)	(6,668)	-		(30,242)
	60,096	12,852	25,468	-		98,416
Expenses:						
Operating	12,335	2,190	8,220	-		22,745
Transportation	977	614	664	-		2,255
	13,312	2,804	8,884	-		25,000
Net operating income	\$ 46,784	\$ 10,048	\$ 16,584	\$ -		\$ 73,416

See accompanying notes to the pro forma net operating income statements.

ANGLE ENERGY INC.

Notes to the Pro Forma Net Operating Income Statements

For the three months ended March 31, 2010 and for the year ended December 31, 2009
(Unaudited)

1. Basis of presentation:

On June 7, 2010, Angle Energy Inc. ("Angle") entered into a definitive purchase and sale agreement with certain intermediate oil and gas entities to acquire certain petroleum and natural gas properties located in its Edson core area (the "Niton West Properties"). The unaudited pro forma net operating income statements have been prepared from information derived from the following:

- The unaudited interim consolidated financial statements of Angle for the three months ended March 31, 2010;
- The audited consolidated financial statements of Angle for the year ended December 31, 2009;
- The audited financial statements of Stonefire Energy Corp. ("Stonefire") for the year ended December 31, 2009; and
- The schedules of revenue, royalties, operating expenses and transportation expenses for the Niton West Properties for the three months ended March 31, 2010 (unaudited) and for the year ended December 31, 2009 (audited).

The pro forma net operating income statements do not include any provision for depletion and depreciation, asset retirement obligations, future capital costs, impairment of unevaluated properties, general and administrative expenses and income taxes as these amounts are based on the consolidated operations of Angle.

The pro forma net operating income statements are prepared in respect of all of the Niton West Properties. To the extent a third party exercises any rights of first refusal, the revenues, royalties, operating expenses and transportation expenses attributable to the properties will not be acquired by Angle.

2. Pro forma adjustments:

- (a) The pro forma adjustments in the net operating income statement for the three months ended March 31, 2010 include the revenue, royalties, operating and transportation expenses of Stonefire from January 1, 2010 to January 11, 2010.

ANGLE ENERGY INC.

Notes to the Pro Forma Net Operating Income Statements

For the three months ended March 31, 2010 and for the year ended December 31, 2009
(Unaudited)

3. Significant accounting policies:

- (a) **Revenue** – Revenue associated with the production and sale of crude oil, natural gas and natural gas liquids is recognized when title passes to the customer and delivery has taken place. Revenue as reported is presented before royalty payments to governments and other mineral interest owners.
- (b) **Royalties** – Royalties are recorded at the time the product is produced and are calculated in accordance with the applicable regulations or the terms of individual royalty agreements.
- (c) **Operating and transportation expenses** – Operating and transportation expenses include all costs related to the lifting, gathering, processing, and delivery to a sales point of the commodities.
- (d) **Joint operations** – A portion of the properties are operated through joint ventures. The schedules reflect only Angle's proportionate interest in the properties.

CERTIFICATE OF THE CORPORATION

Dated: June 22, 2010

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

(signed) "*Gregg Fischbuch*"
Chief Executive Officer

(signed) "*Stuart Symon*"
Vice President Finance, Chief Financial Officer &
Corporate Secretary

On behalf of the Board of Directors

(signed) "*Noralee Bradley*"
Director

(signed) "*John Gareau*"
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: June 22, 2010

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

FirstEnergy Capital Corp.

(signed) "*Jamie N. Ha*"
Vice President and Director, Corporate Finance

Cormark Securities Inc.

(signed) "*Dion Degrand*"
Director, Investment Banking

Dundee Securities Corporation

(signed) "*Timothy J. Hart*"
Managing Director, Head of Energy Investment Banking

BMO Nesbitt Burns Inc.

(signed) "*Shane K. Abel*"
Vice President, Investment Banking

CIBC World Markets Inc.

(signed) "*Brian D. Heald*"
Managing Director, Investment Banking

National Bank Financial Inc.

(signed) "*Tom MacInnis*"
Managing Director, Corporate & Investment Banking

Peters & Co. Limited

(signed) "*J.G. (Jeff) Lawson*"
Principal, Corporate Finance