



CORPORATE UPDATE December 16, 2010

ANGLO CANADIAN OIL CORP.
(V-ACG) \$0.290

RATING: BUY
(unchanged)

TARGET: N/A
(unchanged)

Promising Results Brings Anglo a Step Further to Validating the Nordegg

- ▶ **EVENT: Anglo released results from its initial evaluation of the vertical Sturgeon Lake South 5-10 well.** Initially drilled to core the Nordegg, the well was recently completed using a 60 tonne propane frac. The well successfully tested oil using a swabbing unit. In fact the last four days of testing demonstrated a stabilized average production rate of 9 b/d of oil with a water cut of 61%. The well is currently being placed on pump to evaluate longer term production potential. Previously reported assays of the core suggest this oil is a medium gravity crude (~25°API).
- ▶ **IMPACT: This is potentially a very important result for Anglo because the rate was achieved from a single stage frac.** We emphasize this because the industry is now routinely undertaking wells with more than 20 frac stages per well. As such it is quite conceivable that the company could effectively scale up this result by undertaking more stages. We will be watching the longer term performance of this vertical well with considerable interest. If this rate proves sustainable we could expect to see the company scale up its frac counts by way of short radius horizontals on verticals or via multi-stage horizontal completions –and possibly even combinations of the two.

▶ **VALUATION: With 267 sections of Nordegg rights that could all be held in perpetuity with as few as nine commercial wells (see October 8, 2010 report for details) the valuation implications for Anglo of commercial production on this play are extraordinary.** Anglo offers investors unparalleled exposure to the Nordegg through a combination of a small capitalization and huge potential land base.

▶ **RECOMMENDATION:** While recommended only to investors with a high risk tolerance, we are cautiously optimistic regarding these results and we reiterate our **BUY** rating. We do not have a price target at this time.

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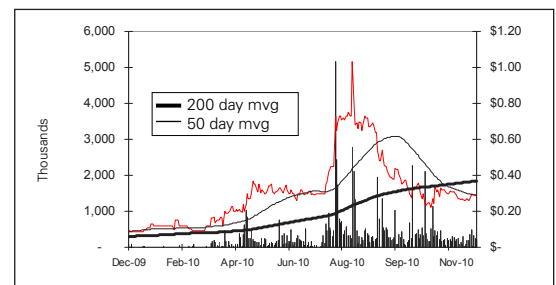
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Company Statistics

Risk	SPECULATIVE
Basic Shares O/S	175.8 mm
FD Shares O/S	220.0 mm
Warrants O/S	28 mm
Stock Options O/S	16 mm
Market Capitalization	\$51 MM
52-week Range	\$1.07 / \$0.09
30 Day Ave Trading Volume	220,000
Enterprise Value	\$38 MM

Nordegg Opportunity and Key Facts

Anglo Canadian Land (Sections)	269 (100% WI)
Third Party (AJM) PIIP (Billion bbls)	6.5
Area	Grand Prairie, AB
Depth (meters)	1,160 - 2,400
Net Pay (meters)	21 - 27
Reservoir Porosity (%)	5 - 18
Water Saturation (Fraction)	0.15 - 0.30
Permeability (mD)	0.1 - 10
API (Oil)	17 ->27
Lithology	vf sandstone/ siltstone, shale, carbonate, coquina



PI Financial Corp. has received compensation for acting as a fiscal agent for ACG in the previous 12 months. See the disclosure section for additional details.

Corporate Information

Anglo Canadian Corp. (V-ACG) is a pure play targeting the "Nordegg Member" source rock.

A Disclosure fact sheet is available on Pages 3-4 of this report.

Disclosure Fact Sheet

Ratings

BUY : recommendation: stock is expected to appreciate from its current price level at least 10-20% in the next 12 months.

NEUTRAL : recommendation: stock is expected to trade in a narrow range from its current price level in the next 12 months.

SELL : recommendation: stock is expected to decline from its current price level at least 10-20% in the next 12 months.

U/R : Under Review

N/R : No Rating

Analyst recommendations and targets are based on the stock's expected return over a 12-month period or may be based on the company achieving specific fundamental results. Under certain circumstances, and at the discretion of the analyst, a recommendation may be applied for a shorter time period. The basis for the variability in the expected percentage change for a recommendation, relates to the differences in the risk ratings applied to individual stocks. For instance stocks that are rated Speculative must be expected to appreciate at the high end of the range of 10-20% over a 12-month period.

Price Volatility / Risk

SPECULATIVE : The Company has no established operating revenue, and/or balance sheet or cash flow concerns exist. Typically low public float or lack of liquidity exists. Rated for risk tolerant investors only.

ABOVE AVERAGE : Revenue and earnings predictability may not be established. Balance sheet or cash flow concerns may exist. Stock may exhibit low liquidity.

AVERAGE : Average revenue and earnings predictability has been established; no significant cash flow/balance sheet concerns are foreseeable over the next 12 months. Reasonable liquidity exists. Price Volatility/Risk analysis while broad based includes the risks associated with a company's balance sheet, variability of revenue or earnings, industry or sector risks, and liquidity risk.

Analyst Certification

I, Alistair Toward, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly related to the specific recommendations or views expressed in this report. I am the research analyst primarily responsible for preparing this report.

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8) PI Financial Corp. and/or its affiliates makes a market in the securities of the subject company.	8) No
9) Company has partially funded previous analyst visits to its projects.	9) No
10) Additional disclosure:	10) No

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The attached summarizes PI's analysts review of the material operations of the attached company(s).

Analyst	Company	Type of Review	Operations / Project	Date
Alistair Toward	Anglo Canadian Oil Corp.	Management Meetings	Calgary AB	09/10

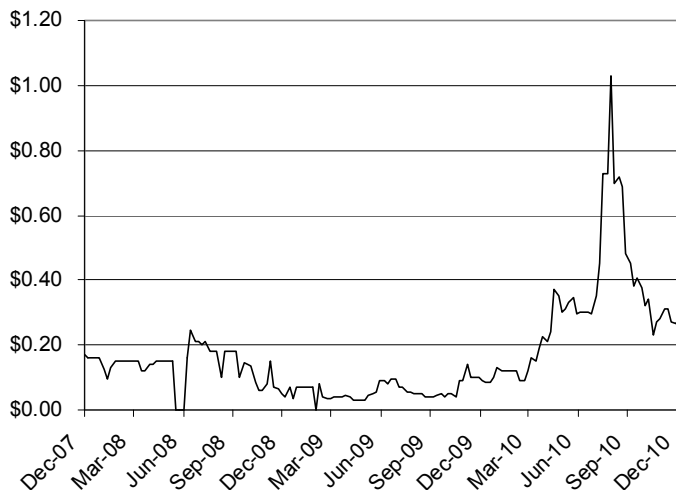
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Recommendations	Number of Recommendations	Percentage
BUY	36	92.11%
NEUTRAL	2	5.13%
SELL	1	2.56%
U/R	0	0.00%
N/R	0	0.00%
TOTAL	39	

Stock Rating and Target Changes

For reports that cover more than six subject companies, the reader is referred to our corporate web site for information regarding stock ratings and target changes. www.pifinancialcorp.com (Research: Research and Conflict Disclosure)



Anglo Canadian Oil Corp. (Initiated Coverage: Oct 8/10)

Date	Rating Change	Target Change	Share Price
Oct 8/10	Buy	N/A	\$0.275

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