



INSIGNIA

INSIGNIA ENERGY LTD. ANNOUNCES ITS 2009 1st QUARTER RESULTS

Calgary, Alberta, May 13, 2009 - Insignia Energy Ltd. ("ISN" - TSX) is pleased to announce its financial and operating results for the three months ended March 31, 2009 as follows:

CORPORATE HIGHLIGHTS

| | Q1 2009 | Q4 2008 | Q1 2008 |
|------------------------------------------------------------|--------------------|------------|------------|
| | \$ | \$ | \$ |
| Financial | | | |
| (\$ thousands, except per share amounts) | | | |
| Oil and natural gas sales | 2,104 | 5,135 | 808 |
| Funds from operations ⁽¹⁾ | 9 | 1,551 | 290 |
| Per share - Basic and diluted ⁽¹⁾ | 0.00 | 0.12 | 0.07 |
| Net loss | (2,522) | (22,893) | (155) |
| Per share - Basic and diluted | (0.20) | (1.82) | (0.04) |
| Working capital | 26,049 | 27,658 | 16,394 |
| Future proceeds from equity line ⁽²⁾ | 25,000 | 25,000 | - |
| Total capital resources available ⁽³⁾ | 51,049 | 52,658 | 16,394 |
| Property and equipment | 31,718 | 32,137 | 4,368 |
| Total assets | 61,970 | 65,701 | 21,417 |
| Weighted average common shares outstanding (thousands): | | | |
| Basic and diluted ⁽⁴⁾ | 12,592 | 12,609 | 4,112 |
| Operating | | | |
| (boe conversion - 6:1 basis) | | | |
| Average daily production | | | |
| Natural gas (mcf/d) | 3,354 | 3,842 | 1,082 |
| Oil and NGL (bbls/d) | 141 | 495 | - |
| Total (boe/d) | 700 | 1,135 | 180 |
| Product prices | | | |
| Natural gas (\$/mcf) | 4.99 | 6.78 | 8.20 |
| Oil and NGL (\$/bbl) | 46.35 | 59.75 | - |
| Total (\$/boe) | 33.37 | 49.16 | 49.21 |
| Operating netback (\$/boe) ⁽¹⁾ | 10.78 | 19.82 | 26.85 |

(1) Funds from operations, funds from operations per share and operating netback are not defined by GAAP in Canada and are referred to as non-GAAP measures. Funds from operations is cash provided by operating activities before changes in non-cash working capital and before abandonment and reclamation costs. Funds from operations per share is calculated by dividing funds from operations by the weighted average number of shares outstanding, consistent with the calculation of net loss per share. Operating netback per boe is calculated as total oil and natural gas revenue less royalties, operating costs and transportation costs calculated on a boe basis.

(2) Insignia has a \$25 million unused equity line whereby Tricap Partners Ltd. are committed, prior to July 31, 2009, to subscribe for an additional 3,676,470 common shares of the Company at a price of \$6.80 per share.

(3) Total capital resources available includes working capital plus future proceeds from the equity line with Tricap Partners Ltd.

(4) Excludes shares to be issued pursuant to the Tricap Partners Ltd. equity line.

MESSAGE TO SHAREHOLDERS

Insignia Energy Ltd. (“Insignia or the Company”) is pleased to report to its shareholders the financial and operating results for the three months ended March 31, 2009.

The first quarter of 2009 was, to say the least, a challenging period for the world economy and, in particular, the oil and gas industry. Commodity prices continued to trend downward from the highs reached in the middle of 2008. Specifically, natural gas prices were down 26% from the previous quarter, 38% from the same period last year and over 50% from the highs reached in the middle of 2008. Similarly, oil prices have also declined and are down 21% from the previous quarter, 49% from the same period last year and over 70% from the highs reached in the middle of 2008.

Lower commodity prices, combined with continued high drilling and completion costs and increased royalty rates, have hindered industry drilling economics and this is reflected in the drilling rig activity being down by over 35% from the highs reached last year.

Insignia has not been spared from these lower prices and, as such, the Company’s cash flow is down quarter over quarter and, although we are positioned with a strong balance sheet, we have chosen to be judicious and disciplined in our capital spending. This, as you will see, has impacted our quarterly production volumes and corresponding cash flow. On a positive note, and as presented in our Outlook section below, these bearish conditions are also creating tremendous opportunities not seen in the industry for many years and we intend to be prudent with our capital outlays and, at the same time, opportunistic as well. I will expand on this in a moment, but first let me be a bit more specific on our first quarter 2009 results:

Production for the quarter averaged 700 boe/d, comprising 141 bbl/d of oil and NGL’s and 3,354 mcf/d of natural gas. Production was down 38% from the previous quarter’s production of 1,135 boe/d as a result of the temporary shut-in of production at Crossfire (approximately 350 boe/d net), the shutting in of approximately 35 boe/d of capable production based on low netbacks and from natural declines.

Funds from operations totaled \$9 thousand based on average product prices of \$4.99 per mcf for natural gas and \$46.35 per bbl of oil. Funds from operations are down significantly from the previous quarter, which is attributed to both lower production volumes and lower product prices.

Insignia ended the first quarter with a strong balance sheet consisting of \$26.0 million of positive working capital with no debt. Further, and as highlighted in Note 6 to our Financial Statements, Insignia has a \$25 million unused equity line whereby Tricap Partners Ltd. (“Tricap”) are committed, prior to July 31, 2009, to subscribe for an additional 3,676,470 shares of Insignia at a price of \$6.80 per share. For further details on the Tricap equity line, please refer to the Equity Commitment Agreement dated July 31, 2008 posted on the SEDAR website.

FIRST QUARTER 2009 HIGHLIGHTS

- At the end of the quarter the Company had 12.59 million common shares outstanding and 3.67 million special voting shares (Tricap equity line) that are scheduled to be converted into common shares prior to July 31, 2009, and which, once converted, will result in total outstanding common shares of 16.27 million.
- In the first quarter, the Company participated in the drilling of two (.65 net) wells. At Pembina Crossfire, Insignia participated at its 15% working interest in the 3-1-50-6W5M well drilled to the Nisku formation. The well did not encounter economic hydrocarbons in the Nisku but has potential in an uphole zone. At Nig (British Columbia), the Company participated at its 50% working interest in a Bluesky test. The well has been completed and is standing pending further development during the next winter drilling season.
- At Provost, the Company completed a well (1.0 net) drilled late in 2008 resulting in an Ellerslie gas well. The Company is currently investigating tie-in locations for this well.
- At Beaverhill Lake, the 8-15-51-19W4M well (.75 net) drilled and completed in the fourth quarter of 2008 was tied in and placed on production in mid March at a rate of 750 mcf/d (550 mcf/d net).

- At the end of the quarter, the Company shut in seven (7.0 net) marginal gas wells due to low product prices. The net production loss to Insignia from these wells is not material.
- At Crossfire, the 9-1-50-6W5M well (.15 net) continues to be shut-in pending further evaluation work. We estimate that the 9-1 well will be back on stream sometime in Q3/09 (previous guidance Q2/09). Prior to its shut-in in late 2008, the 9-1 well was producing at a gross rate in excess of 2,300 boe/d (350 boe/d net).
- The Company exited the quarter at a production rate of approximately 700 boe/d.
- Subsequent to the quarter, the Company purchased 3,200 net acres (5 net sections) of highly prospective land in the west central area of Alberta.
- The Company has, inclusive of the Tricap equity line, in excess of \$51.0 million of capital resources, which on a per share basis, after giving consideration to the shares issued to Tricap pursuant to the equity line, represents approximately \$3.13 per share. This is before giving effect to our producing properties and undeveloped land.

OUTLOOK

Global financial and commodity markets continue to experience extreme volatility. We believe this will continue for some time and at least until the world financial institutions stabilize. Although the short-term outlook remains cloudy, the long-term fundamentals in the oil and gas sector continue to be promising. As mentioned earlier, these lower commodity prices have reduced the number of drilling rigs operating in western Canada and in North America as well. There will be a lag effect, but this period of inactivity combined with natural declines in the 30% range year over year, will have a lasting effect on supply.

As the world economies recover and demand for hydrocarbons picks up, so will the price of commodities. We may not be in the lowest part of the cycle yet, but we believe we are close and we will not be cute to try to hit the rock bottom before we transact. We view this period as a “window of opportunity” to accumulate long life oil and natural gas properties within our focus area of the deep basin.

Our strategy continues to be focused on accretive acquisitions of long life oil and gas reserves. In the last few weeks, a greater number of opportunities have presented themselves and, as buyer and seller expectations come closer together, we believe more transactions will occur. In addition to evaluating M&A opportunities, we continue to believe that this is an excellent opportunity to accumulate undeveloped land at a time when land prices are depressed. Again, our focus here is accumulating land on internally generated prospects with the view that, when product prices recover, we will be well positioned with a large, attractive drilling inventory.

Insignia is uniquely positioned to execute on this strategy with a strong balance sheet with over \$51 million in capital resources (which includes the \$25 million Tricap equity line) and no debt. We believe we have exercised discipline in deploying this capital and this has turned out to be a prudent strategy as the market conditions have continued to trend downward. We will continue to be disciplined but not at the expense of missing this unique period of opportunity.

Lastly and based on our near term commodity price expectations, we are adjusting our 2009 guidance such that although we will maintain a capital budget of between \$5 to \$8 million, our capital split is anticipated to be weighted equally between drilling and equipping expenditures and acquiring undeveloped land and seismic (previously 80% drilling and equipping and 20% land and seismic). Further, we are adjusting our anticipated average 2009 production volumes to approximately 750 boe/d (previously 800 - 900 boe/d) again, excluding any production acquired through future acquisitions. Our revised production guidance assumes the Crossfire 9-1 well comes back on stream sometime in Q3/09.

*The discussion of our oil and natural gas production and related performance measures is presented on a working-interest, before royalties basis. For the purpose of calculating unit information, natural gas is converted to a barrel of oil equivalent (“boe”) using six thousand cubic feet of natural gas equal to one barrel of oil. **Readers are cautioned that boe’s may be misleading, particularly if used in isolation. A conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.** In this press release: boe/d means boe per day; mcf/d means thousand cubic feet per day, bbl means barrel, mbbl means thousand barrels, mmcf means million cubic feet and mboe means thousand boe’s.*

Investors are further cautioned that the preparation of financial statements in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) requires management to make estimates and assumptions that affect the reported amounts of our assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and our revenues and expenses during the reporting period. Our management reviews these estimates, including those related to accruals, environmental and asset retirement obligations, income taxes, and the determination of proved reserves on an ongoing basis. Changes in facts and circumstances may result in revised estimates and actual results may differ from these estimates.

Certain financial measures referenced to in this news release are not prescribed by Canadian GAAP. These non-GAAP financial measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other companies. We include these measures because management utilizes them to analyze operating and financial performance. The additional information should not be considered in isolation or as a substitute for measures of performance prepared in accordance with the Canadian GAAP. We use funds from operations which is cash provided by operating activities before changes in non-cash working capital and before abandonment and reclamation costs. Funds from operations per share is calculated by dividing funds from operations by the weighted average number of shares outstanding, consistent with the calculation of net loss per share. Funds from operations netback per boe is calculated as funds from operations divided by our total boe produced. We also use operating netback per boe. This is calculated as total oil and natural gas revenue less royalties, operating costs and transportation costs calculated on a boe basis.

Forward Looking Statements

Statements throughout this Press Release that are not historical facts may be considered to be “forward looking statements”. These forward looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Company’s objectives, goals, or future plans, including, without limitation, management’s assessment of future plans and operations, anticipated commodity prices and their impact, anticipated demand for commodity prices, timing of expenditures, budgeted capital expenditures and the method of funding thereof, timing of drilling and wells to be brought on production, completion and tie-in of wells, expected royalty rates and changes to the Alberta royalty regime and the possible effect thereof on the Company and its allocation of capital, expected operating costs and general and administrative expenses, the expected levels of production rates, and anticipated acquisitions and timing thereof and benefits derived therefrom may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, volatility of commodity prices, imprecision of reserve estimates, environmental risks, competition from other producers, incorrect assessment of the value of acquisitions, failure to complete and/or realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources and changes in the regulatory and taxation environment. As a consequence, the Company’s actual results may differ materially from those expressed in, or implied by, the forward-looking statements. Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the ability of the Company to obtain equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects which the Company has an interest in to operate the field in a safe, efficient and effective manor; field production rates and decline rates; the ability to replace and

expand oil and natural gas reserves through development of exploration; future oil and natural gas prices; interest rates; the regulatory framework regarding royalties, and the ability of the Company to successfully market its oil and natural gas products. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the Company's operations and financial results are included elsewhere herein and in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), or at the Company's website (www.insigniaenergy.ca). Furthermore, the forward-looking statements contained in this Press Release are made as at the date of this Press Release and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.

Insignia is a publicly listed junior oil and gas exploration and development company based in Calgary, Alberta. Insignia's shares trade on the TSX under the symbol "ISN".

Copies of the Financial Statements and Management's Discussion and Analysis for the quarter ended March 31, 2009 will be filed with Canadian securities regulators and will be available on SEDAR and can be accessed at www.sedar.com or by visiting Insignia's website at www.insigniaenergy.ca.

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