



INSIGNIA

## NEWS RELEASE

### INSIGNIA ENERGY ANNOUNCES STRATEGIC ASSET DISPOSITION AND UPDATES CERTAIN PRO FORMA CHARACTERISTICS FROM THE RECENTLY ANNOUNCED BUSINESS COMBINATION WITH GREY WOLF EXPLORATION

**Calgary, Alberta**, June 11, 2009 – Insignia Energy Ltd. ("Insignia") (TSX: ISN) is pleased to announce a strategic disposition and provide a corresponding update to its recently announced business combination with Grey Wolf Exploration Inc. ("Grey Wolf")

#### **Strategic Disposition**

Effective June 1, 2009, Insignia completed a disposition of assets in the Retlaw area of southern Alberta for \$2.85 million, excluding closing adjustments. Proceeds from the sale will increase Insignia's positive working capital position, which is now expected to be approximately \$26.0 million at the end of Q2/09.

The disposition included approximately 85 boe/d of heavy oil and natural gas production. Reserves attributed to the property at December 31, 2008 were 65 mboe Proved and 270 mboe Proved plus Probable. The Retlaw property was characterised by its high operating costs, low netback and low proven RLI. The asset disposition is one of a number of strategic moves Insignia is making to focus growth in the core deep basin area of western Alberta.

#### **Update on Proposed Business Combination of Grey Wolf**

As announced on June 3, 2009, Insignia has entered into an arrangement agreement with Grey Wolf pursuant to which Insignia will acquire all of the issued and outstanding common shares of Grey Wolf ("Grey Wolf Shares") in exchange for the issuance of 0.34 of a common share of Insignia for each Grey Wolf Share pursuant to an arrangement (the "Arrangement") under the *Business Corporations Act* (Alberta). Completion of the Arrangement is subject to various conditions including approval of at least 66 2/3% of the Grey Wolf shareholders voting on the transaction, approval of the Court of Queen's Bench of Alberta and receipt of all necessary regulatory and stock exchange approvals and other customary closing conditions.

At closing of the Arrangement and after giving effect to the Retlaw disposition, certain pro forma characteristics of the combined Company as announced on June 3, 2009 will change, namely:

- Current production is approximately 3,315 boe/d (82% natural gas) (previously 3,400 boe/d);
- A balance sheet of approximately \$12 million in net debt at closing (previously estimated at \$15 million);
- Proved Reserves as of December 31, 2008 of 7,871 mboe (previously 7,936 mboe);
- Proved plus Probable Reserves as of December 31, 2008 of 15,653 mboe (previously 15,923 mboe);
- Proved plus Probable Reserve Life Index (RLI) as of December 31, 2008 of 12.93 years (previously 12.8 years);
- Net undeveloped acres of 235,000 (previously 240,000).

In addition, Insignia further estimates that post closing cash flow for the second half of 2009 will be approximately \$9 million based on a commodity assumption of \$4.50 AECO natural gas, \$60 WTI and average production for such period of 3,300 boe/d assuming minimal maintenance capital.

Insignia will provide additional guidance to the market including, an estimated 2009 capital expenditure budget combined with 2009 average production estimates, shortly after the closing of the Arrangement.

### **About Insignia**

Insignia is an independent Canadian oil and natural gas exploration, development and production company with Insignia Shares trading on the Toronto Stock Exchange under the symbol "ISN".

### *Forward-Looking Statements*

In the interest of providing Insignia's shareholders and potential investors with information regarding Insignia, including management's assessment of the future plans and operations of Insignia, Insignia's working capital position at the end of Q2/09, pro forma working capital of the combined company after giving effect to the Arrangement, post-closing cash flow for the second half of 2009 and average production for such period, certain statements contained in this document constitute forward-looking statements or information (collectively "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "potential", "target" and similar words suggesting future events or future performance. In addition, statements relating to "reserves" or "resources" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated and can be profitably produced in the future.

With respect to forward-looking statements contained in this document, we have made assumptions regarding, among other things: future capital expenditure levels; future oil and natural gas prices and differentials between light, medium and heavy oil prices; future oil and natural gas production levels; future exchange rates and interest rates; our ability to obtain equipment in a timely manner to carry out development activities; our ability to market our oil and natural gas successfully to current and new customers; the impact of increasing competition; our ability to obtain financing on acceptable terms; and our ability to add production and reserves through our development and exploitation activities. Although Insignia believes that the expectations reflected in the forward-looking statements contained in this document, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements included in this document, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause Insignia's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, incorrect assessment of the value of acquisitions, failure to 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 the other factors described under "Risk Factors" in Insignia's most recently filed Annual Information Form available in Canada at [www.sedar.com](http://www.sedar.com). Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking statements contained in this document speak only as of the date of this document. Except as expressly required by applicable securities laws, Insignia does not undertake any obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

Any financial outlook contained herein was approved by management on June 11, 2009. Such financial outlooks are given to provide information to shareholders of Insignia as to the expected impact of the Arrangement with Grey Wolf on Insignia's working capital and cash flow.

*Barrels of Oil Equivalent and Reserves*

Barrels of oil equivalent (boe) is calculated using the conversion factor of 6 Mcf (thousand cubic feet) of natural gas being equivalent to one barrel of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl (barrel) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all of Insignia's properties, due to the effects of aggregation. At December 31, 2008, Insignia's proved reserves and its proved plus probable reserves were 773 mboe and 1,818 mboe, respectively.

For further information, please contact:

**Insignia Energy Ltd.**  
2300, 500-4<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 2V6

Jeff Newcommon, President and CEO  
(403) 536-8138  
jeff.newcommon@insigniaenergy.ca  
www.insigniaenergy.ca

**NOT FOR DISTRIBUTION OR DISSEMINATION IN THE UNITED STATES.**