



INSIGNIA

NEWS RELEASE

INSIGNIA ENERGY PROVIDES UPDATE ON ITS PETITOT 7-17 SLAVE POINT GAS WELL

NOT FOR DISTRIBUTION OR DISSEMINATION IN THE UNITED STATES.

August 4, 2009, Calgary, Alberta - Insignia Energy Ltd. ("Insignia" or the "Company") (TSX:ISN) wishes to provide an update on its 100% working interest Petitot 7-17-121-11 W6M Slave Point gas well.

Insignia's Petitot 7-17-121-11W6M Slave Point gas well was placed on production in February, 2009 and has produced raw gas at rates consistently between 4.5 mmcf/d and 5.5 mmcf/d with less than 5% pressure drawdown at the wellhead. On the afternoon of July 28, 2009 the well started producing formation water at a rate of approximately 100 barrels per day (20 bbls/mmcf of gas) with spikes of water production up to a rate of approximately 500 barrels per day (100 bbls/mmcf of gas). The gas rate from the well was reduced in steps to approximately 2.0 mmcf/d raw gas and the well has produced at this rate with no water inflow. This reduction in well production impacts Insignia's total sales volume by approximately 475 boe/d or approximately 14%.

The Slave Point formation in this area of the basin is noted for sudden increases in formation water production. At this time, the well continues to produce at 2 mmcf/d raw gas with little or no formation water production. There can be no assurance this well will continue to produce water free at this reduced rate. If the well were to ultimately water out and gas production drop to nil, the effect on sales volumes would be a further decrease of approximately 250 boe/d or approximately 7.5%. It is estimated the remaining reserves assigned to this well are less than 4% of both the proved and proved plus probable reserves of the Company.

Insignia views the future performance of this well to be highly uncertain and future guidance with respect to production volumes will not include any future volumes from this well.

Forward-Looking Statements

Certain statements contained in this document constitute forward-looking statements or information (collectively "forward-looking statements") within the meaning of applicable securities legislation. This document contains forward-looking statements pertaining to Insignia's positioning and its assessment of its assets as well as Insignia's reserves and production rates. 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.

With respect to forward-looking statements contained in this document, we have made assumptions regarding, among other things: future natural gas production and water formation levels and the corresponding impact on sales volumes and reserves. Although we believe 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 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, the following: volatility in market prices for oil and natural gas; failure to realize the anticipated benefits and synergies of the business combination; general economic conditions in Canada, the U.S. and globally; and the other factors described under "Risk Factors" in Insignia's most recently filed Annual Information Form available in Canada at 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, we do 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.

Barrels of Oil Equivalent

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.

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