



INSIGNIA

INSIGNIA ENERGY LTD. ANNOUNCES ITS 2009 2nd QUARTER RESULTS AND PROVIDES SECOND HALF 2009 GUIDANCE

Calgary, Alberta, August 12, 2009 - Insignia Energy Ltd. (“ISN” - TSX) (“Insignia or the Company”) is pleased to announce its financial and operating results for the three and six months ended June 30, 2009 as follows:

| CORPORATE HIGHLIGHTS | Three months ended | | | Six months ended | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| | June 30, 2009 \$ | March 31 2009 \$ | June 30, 2008 \$ | June 30, 2009 \$ | June 30, 2008 \$ |
| Financial | | | | | |
| (\$ thousands, except per share amounts) | | | | | |
| Oil and natural gas sales | 1,983 | 2,104 | 1,004 | 4,087 | 1,812 |
| Funds from operations ⁽¹⁾ | 273 | 9 | 431 | 282 | 721 |
| Per share - Basic and diluted ⁽¹⁾ | 0.02 | 0.00 | 0.10 | 0.02 | 0.18 |
| Net loss | (2,245) | (2,522) | (4) | (4,767) | (159) |
| Per share - Basic and diluted | (0.18) | (0.20) | 0.00 | (0.38) | (0.04) |
| Working capital | 26,675 | 26,049 | 15,756 | 26,675 | 15,756 |
| Future proceeds from equity line ⁽²⁾ | 25,000 | 25,000 | - | 25,000 | - |
| Total capital resources available ⁽³⁾ | 51,675 | 51,049 | 15,756 | 51,675 | 15,756 |
| Property and equipment | 28,177 | 31,718 | 4,419 | 28,177 | 4,419 |
| Total assets | 58,875 | 61,970 | 22,230 | 58,875 | 22,230 |
| Weighted average common shares outstanding (thousands): | | | | | |
| Basic and diluted ⁽⁴⁾ | 12,588 | 12,592 | 4,112 | 12,590 | 4,112 |
| Operating | | | | | |
| (boe conversion - 6:1 basis) | | | | | |
| Average daily production | | | | | |
| Natural gas (mcf/d) | 3,777 | 3,354 | 1,129 | 3,567 | 1,106 |
| Oil and NGL (bbls/d) | 144 | 141 | - | 143 | - |
| Total (boe/d) | 773 | 700 | 188 | 737 | 184 |
| Product prices | | | | | |
| Natural gas (\$/mcf) | 3.61 | 4.99 | 9.77 | 4.26 | 9.00 |
| Oil and NGL (\$/bbl) | 56.63 | 46.35 | - | 51.59 | - |
| Total (\$/boe) | 28.18 | 33.37 | 58.63 | 30.64 | 54.02 |
| Operating netback (\$/boe) ⁽¹⁾ | 12.66 | 10.78 | 33.91 | 11.77 | 30.45 |

- (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 had a \$25 million unused equity line whereby Tricap Partners Ltd. 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, which shares were issued on July 20, 2009.
- (3) Total capital resources available includes working capital plus future proceeds from the equity line with Tricap Partners Ltd.
- (4) Excludes shares issued pursuant to the Tricap Partners Ltd. equity line.

The second quarter of 2009 continued to showcase extremely volatile and unpredictable markets across all sectors including 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 28% from the previous quarter and 63% from the same period last year. Oil prices, on the other hand, experienced a 22% recovery from the previous quarter but were still down 49% from the same period last year.

Notwithstanding the Alberta Government's extension to the royalty incentive and drilling credit program, these low commodity prices continue to hinder industry drilling economics with particular emphasis on natural gas related drilling economics.

Insignia has not been spared from these lower prices and, as such, the Company's cash flow has been materially impacted by these low natural gas prices. While this is frustrating, these low commodity prices are also creating significant opportunities. Specifically, and in keeping with our disclosed strategy to capitalize in this low market cycle, Insignia announced on June 3, 2009 and subsequently closed on July 24, 2009, the business combination with Grey Wolf Exploration Inc. The Grey Wolf acquisition has positioned the Company with additional high quality, long life assets most notably in the resource rich Montney/Doig fairway in the Pouce Coupe area of NW Alberta.

Production for the quarter averaged 773 boe/d, comprising 144 bbls/d of oil and NGL's and 3,777 mcf/d of natural gas. Production was up 10% from the previous quarter production of 700 boe/d as a result of increased production at its Pembina property offset by the sale of 85 boe/d at Retlaw effective June 1, 2009 and natural declines. The Company's 15% interest in the Crossfire 9-1-50-6W5M well continues to be shut in pending the implementation of a secondary recovery scheme and the outcome of a claim filed by the Company against the operator of this well with respect to the Company's working interest in such well. The Company anticipates that the net production from this well will ultimately be approximately 250 boe/d.

Funds from operations totaled \$273,000 based on average product prices of \$3.61 per mcf for natural gas and \$56.63 per bbls of oil. Although natural gas prices were down from the previous quarter, funds from operations are up due to higher production levels, royalty adjustments and lower general and administrative expenses.

Insignia ended the first quarter with a strong balance sheet consisting of \$26.7 million of positive working capital with no debt. Further, on July 20, 2009, the Company issued 3,676,470 common shares to Tricap Partners Ltd. in exchange for \$25.0 million, pursuant to an Equity Commitment Agreement. After giving effect to the proceeds from this equity placement, the Company had \$51.7 million in positive working capital with no debt.

SECOND QUARTER 2009 HIGHLIGHTS

- At the end of the quarter, the Company had 12,586,557 million common shares outstanding and 3,676,470 million special voting shares (Tricap equity line). Post closing of the exercise of the Tricap equity line, the Company had 16,263,027 common shares outstanding.
- At Pembina, Insignia restarted the 3-17-46-4W5M well that had been shut in since October 2008. The well came on production at initial rates of approximately 1 mmcf/d and is currently producing 300 mcf/d. Also at Pembina, Insignia installed pumping equipment on the 102/3-17-46-4W5M well and this well is currently producing approximately 30 boe/d of oil and natural gas.
- As part of our operating cost optimization strategy, subsequent to June 30, 2009 we replaced a compressor at our Edam property with a smaller unit effectively reducing costs at the facility by \$8,000 per month.
- During the quarter, Insignia successfully acquired 6,400 net undeveloped acres of land in the west central areas of Alberta namely; Kaybob, Ferrier and Wembley.
- Effective June 1, 2009, Insignia disposed of its interest at Retlaw for gross proceeds of \$2.85 million. The property had 270 mboe proved plus probable reserves at December 31, 2008, production of approximately 85 boe/d and operating costs of \$30 per boe. This sale is reflective of Insignia's strategy to reallocate resources to the deep basin corridor.

- After giving effect to the Retlaw sale, the Company's current production is approximately 600 boe/d.

Subsequent to the quarter:

- The Company issued 3,676,470 common shares to Tricap on July 20, 2009 for a cash consideration of \$6.80 per share for gross proceeds of \$25.0 million pursuant to the exercise of the Tricap equity line.
- The Company completed a business combination with Grey Wolf Exploration Inc. pursuant to a plan of arrangement on July 24, 2009. Pursuant to this arrangement, Insignia issued approximately 14.4 million common shares to acquire all of the issued and outstanding Grey Wolf shares.
- On August 4, 2009, Insignia announced that the Company's 100% working interest Petitot well located at 7-17-121-11W6M had started to experience water inflow and as a result the well production rate had been restricted from approximately 5 mmcf/d of raw gas to 2 mmcf/d of raw gas. Currently the well is producing water free and we will continue to monitor and evaluate this well. Shareholders should be cautioned that there are no guarantees that the well will continue to produce at this rate or that it will not experience further water inflow issues.
- In conjunction with the closing of the Grey Wolf acquisition, Insignia is pleased to announce that Mr. Vincent Tkachyk, the former President and COO of Grey Wolf, has joined the Insignia Board of Directors.
- Insignia is pleased to announce that effective August 13, 2009, Mr. Danny Geremia has been appointed as Vice President of Finance and Chief Financial Officer of the Company. Mr. Geremia is a CA and brings a wealth of experience most recently from Bellamont Exploration Ltd. and prior thereto, from Mission Oil & Gas Inc. and ARC Resources Ltd.
- Insignia is also pleased to announce that it has established a \$55.0 million revolving credit facility with a Canadian chartered bank. This facility will be reviewed on January 1, 2010.

OUTLOOK AND SECOND HALF 2009 CORPORATE GUIDANCE

Global financial and commodity markets continue to experience extreme volatility. This is likely to continue for the remainder of 2009 and perhaps into 2010. Although the short term outlook remains cloudy, the long term fundamentals in the oil and gas sector remain promising. Low commodity prices have forced some companies to shut in production and the rig count continues to be soft. The best thing for low natural gas prices are low natural gas prices. As natural declines in the 30-35% range start to impact supply fundamentals and as the world and North America economies recover from this prolonged recession, then demand for hydrocarbons will pick up. The question is not if this will happen it is when it will happen.

Insignia is uniquely positioned for this recovery and, at the same time, we are positioned for a prolonged downturn. The long life assets that Insignia has recently acquired in the Grey Wolf acquisition position the Company for the future when prices recover and drilling economics improve. Alternately, we continue to view these down cycles as windows of opportunity to continue to execute on additional acquisitions. We believe this counter cyclical approach will bode well for our shareholders over the long term.

In addition to evaluating M&A opportunities, in the second half of this year we plan to drill a modest number of wells to offset our annual declines. That said, and notwithstanding a relatively clean balance sheet, it is not our desire to produce flush production from new wells at these low natural gas prices. Directionally, our plan is to use our cash flow to replace our declines while protecting our balance sheet. Further, we continue to believe that this is an opportune time to accumulate undeveloped land at a time when land prices are generally depressed. Again, our focus here is on accumulating land on internally generated prospects with the view that when product prices recover we will be well positioned with an extensive drilling inventory.

The results of operations from the Grey Wolf acquisition will be included in our 2009 second half and third quarter results from July 24, 2009.

We have estimated that, based on current forward strip prices, our second half 2009 funds from operations will be approximately \$6.0 to \$7.0 million. This forecast assumes nil production from the Petitot well located at 7-17-121-11W6M for the last five months of 2009 and modest production levels from the Crossfire 9-1-50-6W5M. The forecast also assumes average production of approximately 2,600 boe/d.

The Board of Directors has also approved a second half 2009 capital budget of \$10.0 to \$14.0 million. The Company plans to allocate 60% to 70% to drilling and facilities with the balance being allocated to land and seismic. Currently, the Company is planning to drill at least one horizontal Montney/Doig well on its Pouce Coupe property prior to year end.

Excluding any additional acquisitions and assuming our second half capital expenditures production adds occur predominately in the first quarter of 2010, the Company anticipates an exit rate of approximately 2,400 - 2,600 boe/d.

Further, factoring in our estimated funds from operations and our current net debt of \$12.0 million, we anticipate that our exit 2009 net debt will be \$16.0 to \$20.0 million and this will equate to approximately 1.3 to 1.6 times net debt to funds from operations based on current forecast strip pricing.

*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. Included herein is an estimate of Insignia's funds from operations in 2009. Such financial outlook was approved by management of the Company on August 12, 2009 and such financial outlook is included herein to provide an assessment of the ability of the Company to generate the cash necessary to fund future capital investments and to repay debt. See "Forward Looking Statements" below.

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, 2009 exit and average production, 2009 funds from operations, 2009 exit debt and allocation of capital, 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 three and six months ended June 30, 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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