



INSIGNIA

News Release

**INSIGNIA ENERGY LTD. ANNOUNCES ITS 2009 THIRD QUARTER RESULTS AND 2010 FIRST HALF CAPITAL BUDGET**

November 12, 2009, Calgary, Alberta. Insignia Energy Ltd. (“Insignia” or the “Company”) (TSX: ISN) is pleased to announce its operating and financial results for the third quarter ended September 30, 2009.

**FINANCIAL AND OPERATING HIGHLIGHTS**

	Three months ended			Nine months ended	
	Sept 30, 2009 <sup>(7)</sup>	June 30 2009	Sept 30, 2008	Sept 30, 2009 <sup>(7)</sup>	Sept 30, 2008
	\$	\$	\$	\$	\$
<b>Financial</b>					
(\$ thousands, except per share amounts)					
Oil and natural gas sales	<b>5,057</b>	1,983	3,831	<b>9,144</b>	5,643
Funds from operations <sup>(1)</sup>	<b>1,928</b>	273	1,488	<b>2,210</b>	2,209
Per share - Basic and diluted <sup>(1)</sup>	<b>0.07</b>	0.02	0.16	<b>0.13</b>	0.38
Net loss	<b>(4,335)</b>	(2,245)	(1,425)	<b>(9,102)</b>	(1,584)
Per share - Basic and diluted <sup>(1)</sup>	<b>(0.17)</b>	(0.18)	(0.16)	<b>(0.53)</b>	(0.27)
Working capital surplus (deficiency) <sup>(5)</sup>	<b>(15,193)</b>	26,675	30,246	<b>(15,193)</b>	30,246
Future proceeds from equity line <sup>(2)</sup>	-	25,000	25,000	-	25,000
Total capital resources available <sup>(3)</sup>	<b>39,807</b>	51,675	55,246	<b>39,807</b>	55,246
Property and equipment	<b>139,509</b>	28,177	49,095	<b>139,509</b>	49,095
Total assets	<b>150,281</b>	58,875	87,384	<b>150,281</b>	87,384
Weighted average common shares outstanding (thousands):					
Basic and diluted <sup>(4)</sup>	<b>26,105</b>	12,588	9,083	<b>17,145</b>	5,781
<b>Operating</b>					
(boe conversion - 6:1 basis)					
Average daily production					
Natural gas (mcf/d)	<b>10,315</b>	3,777	3,390	<b>5,841</b>	1,873
Oil and NGL (bbls/d)	<b>411</b>	144	168	<b>233</b>	56
Total (boe/d)	<b>2,130</b>	773	733	<b>1,206</b>	368
Product prices <sup>(6)</sup>					
Natural gas (\$/mcf)	<b>3.16</b>	3.61	7.22	<b>3.60</b>	7.92
Oil and NGL (\$/bbl)	<b>54.60</b>	56.63	101.52	<b>53.40</b>	101.52
Total (\$/boe)	<b>25.80</b>	28.18	56.81	<b>27.76</b>	55.88
Operating netback (\$/boe) <sup>(1)</sup>	<b>8.06</b>	12.60	27.35	<b>9.52</b>	28.38

- (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. plus the unused portion of Insignia's line of credit.
- (4) Excludes special voting shares issued pursuant to the Tricap Partners Ltd. equity line.
- (5) Working capital surplus (deficiency) includes bank indebtedness and working capital but excludes the financial instrument liabilities and assets.
- (6) The average selling prices reported are before realized derivatives and transportation charges.
- (7) As a result of the timing of the closing of the business combination with Grey Wolf Exploration Inc. (“Grey Wolf”), this report for the quarter ended September 30, 2009, reflects only a partial quarter, namely 69 days of financial and operating results from the Grey Wolf assets and a full quarter of the financial and operating results of Insignia's operations.

On July 24, 2009, the Company completed a business combination with Grey Wolf Exploration Inc. ("Grey Wolf") pursuant to a Plan of Arrangement ("Arrangement"). Pursuant to this Arrangement, Insignia issued 14.4 million common shares to acquire all of the issued and outstanding Grey Wolf common shares. As a result of the timing of the closing of the Arrangement, this report for the quarter ended September 30, 2009, reflects only a partial quarter, namely 69 days of financial and operating results from the Grey Wolf assets and a full quarter of the financial and operating results of Insignia's operations.

During the quarter the Company's focus was on the integration of Grey Wolf's operations and assets with the existing operations of Insignia. For the most part, this has now been successfully accomplished and our focus has shifted to production enhancements, drilling activity and building additional depth to our existing drilling inventory.

Reflecting an average AECO natural gas price for the quarter of \$2.92 per mcf, the Company opted to defer drilling activity into the fourth quarter when prices were anticipated to be higher. The average third quarter AECO price of 2009 was one of the lowest average quarterly realized prices in this decade. Oil prices were relatively flat quarter to quarter but materially down from the same quarter of last year.

### **Third Quarter 2009 Highlights**

- On July 20, 2009, under the terms of the Equity Commitment Agreement with Tricap Partners Ltd. ("Tricap"), the Company issued 3,676,470 common shares to Tricap for a cash consideration of \$6.80 per share for gross proceeds of \$25 million.
- On July 24, 2009, the Company completed a business combination with Grey Wolf pursuant to the Arrangement. Insignia issued 14.4 million common shares to acquire all of the issued and outstanding Grey Wolf common shares.
- After giving effect to both the new shares issued to Tricap and the Grey Wolf shareholders, at the end of the quarter, the Company had 30,660,223 common shares outstanding.
- Production averaged 2,130 boe/d, up 175% from the second quarter of 2009, consisting of 10,315 mcf/d of natural gas and 411bbls/d of oil and NGL's.
- Funds from operations for the quarter were \$1.9 million, up from \$0.3 million in the second quarter of 2009 and were impacted by the low commodity prices offset by our fixed price natural gas hedge on a portion of our natural gas production.
- Insignia ended the third quarter with a strong balance sheet with net debt of \$15.2 million and a credit facility of \$55 million with a Canadian Chartered bank.
- Capital expenditures for the quarter were \$3 million. The capital spending in the quarter included approximately \$1.1 million acquiring 8,160 net undeveloped acres of land in Alberta including 7 net sections at Pouce Coupe and additional lands at Wembley, LaGlance, Ferrier and Iron Springs and the spending of \$0.9 million on acquiring additional seismic over its key properties at Pouce Coupe and Caroline.
- The Company exited the quarter with production of approximately 2,250 boe/d.
- Subsequent to the third quarter the Company drilled and cased a 100% well on its Caroline property. The well was drilled to a total depth of 3,113 meters and targeted the multi zone potential in the Mannville section. The Company will proceed with the completion of this well and, pending success, the well will be tied in to the existing infrastructure and thereafter is expected to begin production in the first quarter of 2010.

## OUTLOOK

It was approximately one year ago that the global banking markets collapsed and although the global markets are showing some signs of stabilization, the day to day markets continue to experience extreme volatility. On any given day, we witness material swings in the S&P, TSX, in gold prices, in the US dollar and, of course, in commodity prices. On a positive note, things seem to be on the turnaround and market pessimism is slowly turning to cautious optimism.

Further, in the last several weeks, commodity prices and in particular natural gas prices, seem to be also taking on a more bullish sentiment. At Insignia, we continue to believe that significant upside exists in natural gas prices in the longer term. We base this view on several factors including: natural gas is a clean and preferred fuel compared to coal and oil, low prices have caused a significant slowdown in rig activity, at current prices operators have been shutting in production, new Shale gas wells are still experiencing material declines and lastly, once the markets turn around we should see an increase in industrial demand. Of course, a cold winter wouldn't hurt.

Insignia's long life, resource style assets position the Company for a recovery and, at the same time, our balance sheet strength positions the Company for a prolonged downturn as well. The recent natural gas price recovery has supported our decision to continue with our previously stated second half drilling program which includes the drilling of 3 (3 net) wells at Caroline, Wembley and Pouce Coupe. At Caroline, as described above, this well has been drilled and cased and is awaiting completion. Wembley, which is a 1,000 meter Cretaceous test, is currently awaiting surface and landowner consents. At Pouce Coupe, we plan to drill horizontally to confirm the potential in the Montney/Lower Doig formations. At present, we anticipate that both the Wembley and Pouce Coupe wells will spud during the latter part of the fourth quarter of 2009.

In our previous August 12, 2009 press release we provided H2/09 guidance which included a second half capital budget of \$10 to \$14 million and this included the drilling of one horizontal Montney/Doig well at Pouce Coupe. As indicated above we are on track to spud the Pouce Coupe horizontal well prior to year end and with the drilling of the Caroline well completed we are tightening up our second half capital budget guidance to \$9 to \$11 million. Completion of the Pouce Coupe well is not anticipated until the first quarter of 2009.

Previously, we also forecasted a 2009 exit rate of 2,400 boe/d and, this number included no impact from our second half drilling program but did include approximately 200 boe/d net from the 9-1-50-6W5M Crossfire well. Although we understand that the Crossfire well has been producing for a couple of months, the Company continues to be in a dispute with the operator of this well which has resulted in the Company receiving no production from this well. Until this issue is resolved, the Company's future production guidance will not include any volumes from this well. Insignia has revised its projected 2009 exit rate guidance to 2,200 boe/d.

### First Half 2010 Capital Budget and Guidance

Contingent on commodity prices and results from the second half 2009 drilling program, the Board of Directors has approved a H1/10 capital budget of \$17 to \$20 million. The Company plans to allocate approximately 75% of this capital toward drilling and facilities which are anticipated to include the drilling of 6 to 7 gross wells (5 to 6 net) with a material amount of this capital being targeted on drilling activity on its main properties at Pouce Coupe and Caroline.

Assuming reasonable success from the Company's fall and H1/10 drilling program, the Company anticipates achieving a first half 2010 exit rate of 3,000 boe/d.

*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 nature of those expenditures and the method of funding thereof, drilling plans and the timing of drilling and wells to be brought on production, completion and tie-in of wells and the timing thereof, 2009 exit and average production, 2009 exit production rates 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 manner; 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](http://www.sedar.com)), or at the Company's website ([www.insigniaenergy.ca](http://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 nine months ended September 30, 2009 will be filed with Canadian securities regulators and will be available on SEDAR and can be accessed at [www.sedar.com](http://www.sedar.com) or by visiting Insignia's website at [www.insigniaenergy.ca](http://www.insigniaenergy.ca).

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