



INSIGNIA

INSIGNIA ENERGY LTD. ANNOUNCES ITS 2010 FIRST QUARTER FINANCIAL AND OPERATING RESULTS AND 2010 SECOND HALF CAPITAL BUDGET

May 12, 2010, Calgary, Alberta. Insignia Energy Ltd. (“Insignia” or the “Company”) (TSX: ISN) is pleased to announce its financial and operating results for the first quarter ended March 31, 2010.

FINANCIAL AND OPERATING HIGHLIGHTS

- First quarter production averaged 2,733 boe/d; consisting of 13,155 mcf/d of natural gas and 541 bbls/d of crude oil and NGL’s. This is up 290% from the same quarter in 2009 and up 22% from the previous quarter. Based on quarterly average production per fully diluted share, Insignia grew by over 60% compared to the same quarter in 2009 and is up 22% from the fourth quarter of 2009.
- The Company is currently producing approximately 2,500 boe/d, which is up 22% from December 31, 2009.
- Funds from operations for the first quarter were \$3.5 million, \$0.11 per basic and fully diluted share, up significantly from the same quarter a year ago.
- During the quarter, the Company’s focus was on the drilling of three 100% wells and the completion of one 100% well on its two main properties at Pouce Coupe and Caroline with 100% success.
- Below are the Financial and Operating Statistics for the first quarter of 2010:

	Three months ended		
	Mar 31, 2010	Dec 31, 2009	Mar 31, 2009
Financial			
(\$ thousands, except per share amounts)			
Oil and natural gas sales	9,788	7,120	2,104
Funds from operations ⁽¹⁾	3,491	3,748	9
Per share - Basic and diluted ⁽¹⁾	0.11	0.12	0.00
Net loss	(2,631)	(2,554)	(2,522)
Per share - Basic and diluted	(0.09)	(0.08)	(0.20)
Working capital surplus (deficiency) ⁽⁵⁾	(22,124)	(17,405)	26,049
Future proceeds from equity line ⁽²⁾	-	-	25,000
Total capital resources available ⁽³⁾	32,576	37,295	51,049
Property and equipment	142,038	140,200	31,718
Total assets	153,296	150,714	61,970
Weighted average common shares outstanding (thousands):			
Basic and diluted	30,660	30,660	12,592 ⁽⁴⁾
Operating			
(boe conversion - 6:1 basis)			
Average daily production			
Natural gas (mcf/d)	13,155	10,709	3,354
Oil and NGL (bbls/d)	541	458	141
Total (boe/d)	2,733	2,243	700
Product prices ⁽⁶⁾			
Natural gas (\$/mcf)	5.31	4.56	4.99
Oil and NGL (\$/bbl)	71.93	62.25	46.35
Total (\$/boe)	39.79	34.50	33.37
Operating netback (\$/boe) ⁽¹⁾	17.88	22.14	10.67

- (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, transportation costs and net of any realized income on financial derivative contracts, calculated on a boe basis.*
- (2) *Insignia had a \$25 million equity line whereby Brookfield Special Situations II Limited ("BSS"), formerly 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, for the three months ended March 31, 2009, future proceeds from the equity line with BSS, which was drawn on in the third quarter of 2009, plus the unused portion of Insignia's line of credit but excludes the Company's outstanding letters of credit of \$0.3 million.*
- (4) *Excludes special voting shares issued pursuant to the BSS equity line.*
- (5) *Working capital surplus (deficiency) includes bank indebtedness and working capital but excludes the financial derivative contracts.*
- (6) *The average selling prices reported are before realized derivatives and transportation charges.*

First Quarter 2010 Results

- First quarter production averaged 2,733 boe/d; consisting of 13,155 mcf/d of natural gas and 541 bbls/d of crude oil and NGL's. This is up 22% from the fourth quarter of 2009 and 290% from the same quarter in 2009.
- Funds from operations for the first quarter were \$3.5 million, down 7% from the previous quarter and up significantly from the same quarter a year ago. Funds from operations quarter over quarter decreased as a result of no realized gain on financial derivatives offset by higher production levels and increased commodity prices.
- Insignia exited the quarter with a strong balance sheet with net debt of \$22.1 million and a credit facility of \$55 million with a Canadian chartered bank. The facility was renewed subsequent to the quarter with our next review date expected in September 2010.
- Capital expenditures for the quarter were \$8.2 million. The majority of this capital, \$6.8 million, was related to drilling and completion expenditures. The Board of Directors of Insignia had previously approved a first half 2010 capital budget of \$17 to \$20 million, excluding any potential acquisitions. Based on expenditures to date in 2010, Insignia expects its capital expenditures in the first half to total approximately \$16 million, which includes the drilling of 2 (0.42 net) Pembina Cardium horizontal wells in June 2010. Further the Company also confirms that it expects to meet its previously announced production guidance of an exit rate of 3,000 boe/d at the end of the second quarter of 2010.
- The Company drilled two 100% wells on its Caroline property at 16-12-034-07W5M (the "16-12 well") and at 08-14-034-07W5M (the "08-14 well"). The 16-12 well was drilled to a total depth of 3,186 meters and the 08-14 well was drilled to a total depth of 3,240 meters. Subsequent to the quarter, the 16-12 well was successfully completed in several Mannville formations including the Glauconitic, Ostracod and Eilerslie. The well was placed on a 48 hour production test and at the end of this period produced at a rate of 5 mmcf/d at a flowing wellhead pressure of 2,700 psi. The 08-14 well was also successfully completed subsequent to the quarter and was placed on a 48 hour production test and at the end of this period produced at a rate of 2 mmcf/d at a flowing wellhead pressure of 1,400 psi. The Company plans to bring both wells on stream late in the second quarter and given today's current low natural gas prices plans to restrict combined production from these two wells to an aggregate of approximately 3.5 mmcf/d of natural gas and approximately 85 bbls/d of natural gas liquids.
- Insignia successfully drilled a 100% horizontal well on its Pouce Coupe property at 01-20-077-11W6M ("01-20 well"). Total depth of the well was 3,397 meters including approximately a 1,300 meter horizontal section in the Lower Doig formation. Early indications are positive and Insignia expects to complete this well in the second half of 2010.
- The Company completed and brought on stream a Pouce Coupe 100% well located at 13-29-077-11W6M and brought on stream a Caroline 100% well located at 16-13-034-07W5M which was drilled and

completed late in 2009. The success of these projects grew production by 22% from the fourth quarter of 2009.

- Subsequent to the quarter, the Company increased its undeveloped land position at Caroline through crown acquisitions and currently holds 15.5 net sections in this area. Caroline is an emerging play area for Insignia and we have identified 23 gross (16.5 net) drilling locations on existing lands targeting several formations including the Cardium, Viking, Glauconitic, Ostracod, Ellerslie and Rock Creek.

Second Half 2010 (“H2/10”) Capital Budget and Guidance

Contingent on commodity prices and results from the first half 2010 drilling program, the Board of Directors has approved a H2/10 capital budget of \$20 million. The Company plans to allocate approximately 80% of this capital toward drilling, completions and facilities which are anticipated to include the drilling of approximately 9 (5.92 net) wells. Given today’s low natural gas prices, the Company plans to shift its focus toward oil opportunities at Pembina where it has identified up to 18 net Cardium oil locations on its 4.5 net sections. Specifically, the Company plans to drill 5 (2.42 net) Cardium horizontal wells which will equate to approximately 50% of the drilling, completion and facility expenditures planned. The balance of the second half budget will also include 2 (1.5 net) wells at Caroline targeting liquid rich gas in the Mannville formation and the completion of the previously drilled 01-20 well at Pouce Coupe.

Assuming reasonable success from the Company’s H1/10 and H2/10 drilling program, the Company anticipates achieving a 2010 exit rate of approximately 3,300 boe/d.

Outlook

We are pleased with Insignia’s financial and operating results achieved in the first quarter 2010, achieving a Company best production average of 2,733 boe/d for the first quarter. Although the industry will be facing several challenges with weak current natural gas prices, we believe we are well positioned to achieve our goals of continued growth in reserves, production and cash flow per share. Our focused multi-disciplined team possesses individually and collectively, many years of experience in the Deep Basin area and we are actively expanding our drilling inventory of repeatable, low risk exploitation, resource play projects.

We are encouraged with the initial results from our first half drilling program which focused on two of our main properties; Pouce Coupe and Caroline. Both areas are providing Insignia with the resource rich, long life, repeatable drilling plays which are expected to sustain the Company for many years. Based on the success of our first half capital program the Company is moving forward with a \$20 million capital program for the second half of 2010. We are gearing up for an active drilling program at Pembina where we anticipate the drilling of 2.42 net Cardium wells in the second half of 2010 with additional locations to follow in 2011 and 1.5 net Caroline wells in the second half of 2010.

As we go forward into 2010 and beyond, we expect that exploration and development will become equal in materiality to our acquisition program as value adding growth mechanisms for Insignia. The Company is well positioned with an extensive drilling inventory of both oil and gas opportunities in long life multi-zone areas. We have the financial flexibility and capital resources to pursue our objectives and we have a capable and dedicated team of professionals who are excited to continue to build on the base we have created.

Advisories

*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 (“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, transportation costs and net of any realized financial instrument income 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, budgeted capital expenditures and the nature of those expenditures, drilling plans and the timing of drilling and wells to be brought on production, completion and tie-in of wells and the timing thereof, and expected levels of production, 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 period ended March 31, 2010 will be filed with Canadian securities regulators and will be available on SEDAR on May 13, 2010 and once filed will be accessible at www.sedar.com or by visiting Insignia’s website at www.insigniaenergy.ca.

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