



INSIGNIA

## INSIGNIA ENERGY LTD. ANNOUNCES ITS 2011 THIRD QUARTER FINANCIAL AND OPERATING RESULTS

November 9, 2011, Calgary, Alberta. Insignia Energy Ltd. (“Insignia” or the “Company”) (TSX: ISN) is pleased to announce its financial and operating results for the third quarter ended September 30, 2011.

Copies of the Financial Statements and Management’s Discussion and Analysis for the period ended September 30, 2011 will be filed with Canadian securities regulators on SEDAR on November 9, 2011 and accessible at [www.sedar.com](http://www.sedar.com) or by visiting Insignia’s website at [www.insigniaenergy.ca](http://www.insigniaenergy.ca).

### Financial and Operating Highlights

- Third quarter production averaged 2,957 boe/d; consisting of 747 bbls/d of crude oil and NGL’s and 13,258 mcf/d of natural gas. This is up 9% from the same quarter in 2010 and down 13% from the previous quarter and reflects the production disruptions of approximately 340 boe/d as was more previously disclosed in the Company’s October 3, 2011 news release. The majority of this disrupted production is now back on stream and the Company is currently producing in excess 3,500 boe/d.
- During the quarter, the Company’s average oil and liquids percentage was 25% which is consistent with the same quarter in 2010 and the second quarter of 2011.
- Funds from operations for the third quarter were \$5.1 million, \$0.17 per basic and fully diluted share, up 85% from the same quarter a year ago.
- The Company drilled and completed two (1.5 net) horizontal wells on its Pembina Cardium property with 100% success. Subsequent to the quarter, the two wells were placed on production and, as of the date of this news release, the 11-30-048-05W5 (100%) Insignia well has been on production for 31 days averaging gross production of approximately 229 bbls/d (100% light sweet oil) and the 04-20-048-05W5 (50%) Insignia well has been on production for 18 days averaging gross production of approximately 334 boe/d (73% light sweet oil).
- At Caroline, the Company drilled and successfully completed one (0.9 net) vertical well located at 07-36-033-07W5 in the Lower Mannville formation. The well has been on production for 53 days at a restricted gross rate of 315 boe/d consisting of 1.7 mmcf/d of natural gas and approximately 28 bbls/d of liquids.

### Financial and Operating Results

	Three months ended			Nine months ended	
	Sept 30, 2011	June 30, 2011	Sept 30, 2010	Sept 30, 2011	Sept 30, 2010
<b>Financial</b>					
(\$ thousands, except per share amounts)					
Oil and natural gas sales	<b>10,507</b>	13,216	8,247	<b>35,366</b>	27,161
Funds from operations <sup>(1)</sup>	<b>5,085</b>	6,663	2,742	<b>16,897</b>	8,742
Per share - Basic and diluted <sup>(1)</sup>	<b>0.17</b>	0.22	0.09	<b>0.55</b>	0.29
Net loss	<b>(146)</b>	(598)	(2,074)	<b>(2,236)</b>	(4,454)
Per share - Basic and diluted	<b>(0.00)</b>	(0.02)	(0.07)	<b>(0.07)</b>	(0.15)
Net Debt <sup>(1)</sup>	<b>36,316</b>	32,711	33,914	<b>36,316</b>	33,914
Total assets	<b>164,810</b>	159,262	165,304	<b>164,810</b>	165,304
Weighted average common shares outstanding (thousands):					
Basic and diluted	<b>30,660</b>	30,660	30,660	<b>30,660</b>	30,660

	Three months ended			Nine months ended	
	Sept 30, 2011	June 30, 2011	Sept 30, 2010	Sept 30, 2011	Sept 30, 2010
<b>Operating</b>					
(boe conversion - 6:1 basis)					
Average daily production					
Natural gas (mcf/d)	13,258	14,851	12,264	14,862	12,822
Oil and NGL (bbls/d)	747	937	673	836	637
Total (boe/d)	2,957	3,412	2,717	3,313	2,774
Product prices <sup>(2)</sup>					
Natural gas (\$/mcf)	4.02	4.06	3.79	4.03	4.43
Oil and NGL (\$/bbl)	81.52	90.64	64.13	83.35	67.00
Total (\$/boe)	38.62	42.56	32.99	39.10	35.87
Operating netback (\$/boe) <sup>(1)</sup>	22.52	25.86	15.25	22.85	15.67

- (1) *Funds from operations, funds from operations per share and operating netback are not defined by IFRS in Canada and are referred to as non-IFRS 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. Net debt is the sum of bank indebtedness and working capital but excludes financial derivative contracts.*
- (2) *The average selling prices reported are before realized derivatives and transportation charges.*

## ADDITIONAL THIRD QUARTER 2011 RESULTS

- Insignia exited the quarter with net debt of \$36.3 million and a credit facility of \$50 million with a Canadian chartered bank.
- Capital expenditures for the quarter were \$8.4 million. The majority of this capital, \$7.2 million, was related to the drilling, completion and equipping of three (2.4 net) wells, including two (1.5 net) horizontal Pembina Cardium wells and one (0.9 net) Caroline wells. Insignia had previously announced a 2011 capital expenditure estimate of \$25-\$27 million, excluding any potential acquisitions. Insignia has spent \$16.7 million in the first nine months of 2011 and is currently on budget to meet its 2011 capital expenditure estimates.
- Subsequent to the third quarter:
  - On October 13, 2011, the Company filed a final short form prospectus in connection with its proposed \$30 million rights offering (the "Rights Offering"). The prospectus qualifies the distribution of 30,660,222 rights ("Rights") to subscribe for up to 28,301,887 common shares ("Common Shares") on or before November 17, 2011. Pursuant to the Rights Offering, each registered holder of Common Shares as of October 25, 2011 will receive one Right for each Common Share held. Each Right entitles the holder (provided they are resident in an eligible jurisdiction or they are an approved eligible holder) to acquire 0.9230816 of a Common Share such that the holder may exercise 1.083327836 Rights to purchase one Common Share at the subscription price of \$1.06. The Rights Offering will include an additional subscription privilege under which holders of Rights who fully exercise their Rights will be entitled to subscribe for additional Common Shares, if available, that were not otherwise subscribed for in the Rights Offering. The proceeds of the Rights Offering will be used to reduce the current credit facilities of the Company and for the Company's remaining 2011 capital expenditures.

## Outlook

Insignia continues to be pleased with its financial and operational performance in the first nine months of 2011 as reflected in both the record high production set in the first quarter of the year and the record high cash flow set in the second quarter. This, coupled with the prudent management of our balance sheet, positions the Company to execute on the remainder of its 2011 capital program which continues to be weighted toward oil and liquids rich natural gas drilling activity. Furthermore, the Company continues to be well positioned for the future with an identified drilling inventory in excess of 150 locations which, based on its 2011 activity level, represents over 15 years of drilling activity.

## 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 International Accounting Standards Board most current International Financial Reporting Standards ("IFRS") and International Accounting Standards 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 decommissioning liabilities, 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 IFRS. These non-IFRS 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 IFRS. 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 per boe is calculated as funds from operations divided by our total boe produced. Operating netback per boe 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. Net debt is the sum of bank indebtedness and working capital but excludes financial derivative contracts.*

## Forward Looking Statements

*Statements throughout this News 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 and the method of funding thereof, drilling plans and the timing of drilling and wells to be brought on 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](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.*

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