INSIGNIA

INSIGNIA ENERGY LTD. PROVIDES 2011 CAPITAL EXPENDITURE UPDATE AND ANNOUNCES FIRST HALF 2012 CAPITAL BUDGET AND GUIDANCE

December 8, 2011, Calgary, Alberta. Insignia Energy Ltd. ("**Insignia**" or the "**Company**") (TSX: ISN) is providing a 2011 capital expenditure update and announcing its 2012 first half capital budget and guidance.

2011 CAPITAL EXPENDITURE UPDATE

Insignia expects its total capital expenditures for 2011 to be approximately $27 million, which is consistent with previous guidance. Capital activities in November and December 2011 include:

- In Caroline, the Company has successfully drilled one (1.0 net) Mannville liquids rich natural gas well, which is anticipated to be completed prior to year end and is currently drilling an additional one (1.0 net) Mannville well which, if successful, will be completed early in 2012;
- In Pembina, the Company has successfully drilled and completed one (0.4 net) horizontal Cardium oil well, which is expected to be placed on production prior to year end; and,
- In Pouce Coupe, the Company has successfully drilled one (0.5 net) horizontal Lower Doig well and the Company is currently drilling one (0.5 net) horizontal Montney well. Both of these wells are expected to be completed early in 2012.

Insignia exited November 2011 with net debt of approximately $8 million and a credit facility of $50 million. The facility was renewed in November 2011 with our next review date expected in April 2012.

FIRST HALF 2012 CAPITAL BUDGET AND GUIDANCE

In the first half of 2012, the Board of Directors of Insignia have approved a capital budget of $22 million which is intended to be directed to the drilling, completion and tie-in of two (2.0 net) horizontal Cardium oil wells at Pembina, two (2.0 net) Mannville liquids rich natural gas wells at Caroline and one (0.5 net) horizontal Doig well at Pouce Coupe. Also, capital activity will include the completion and tie-in of wells being drilled in 2011, such as, two (1.0 net) horizontal Montney/Doig wells at Pouce Coupe and one (1.0 net) Mannville liquids rich natural gas well at Caroline.

Insignia anticipates exiting the first half of 2012 with production in the range of 3,800 to 4,000 boe/d and net debt of approximately $20 million. The Company also expects its first half cash flow to be approximately $13.5 million ($27 million ($0.46 per share) annualized) based on an average WTI price of $90 USD/bbl and an average AECO price of $3.25/mcf.

About Insignia

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".

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, mmcf/d means million cubic feet per day and mboe means thousand boe's.*

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, among others, words to the effect that management believes, anticipates, forecasts 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, timing of new and shut-in wells to be placed on production or to resume production as applicable and the resulting production gains associated therewith, budgeted capital expenditures and the timing thereof 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 and completion of wells and the timing thereof, future production rates, timing for credit facility renewal, and timing of shut-in of production and the effect thereof, 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 or facilities which the Company has an interest in to operate the field or facility in a safe, efficient and effective manner; field production rates and decline rates and shut-in rates; the ability to replace and expand oil and natural gas reserves through development and 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.

Any financial outlook or future oriented financial information in this press release, as defined by applicable securities legislation, has been approved by management of the Company. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

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