

PRESS RELEASE

July 7, 2008

Flagship Energy Inc. Announces Participation in Crossfire 9-1-50-6W5 Potential Nisku Discovery Well, Mailing of its Proxy Materials and Resumption of Trading

Calgary, Alberta: Flagship Energy Inc. ("Flagship") is pleased to announce that it has a carried 15% working interest through well completion in the 9-1-50-6W5 discovery well announced on July 7, 2008 by West Energy Ltd. ("West Energy") and Great Plains Exploration Inc. After completion, Flagship has a 15% working and revenue interest.

The 9-1 well was spudded on June 18, 2008 targeting a large Nisku seismic anomaly in the Crossfire area. Log analysis and wellsite geologic strip log indicate that the well encountered a 33 metre porous dolomite reef with an 18 meter hydrocarbon column. The porosity in the Nisku zone at 9-1 is similar to West Energy's prolific Nisku oil well at 13-2-50-6W5 located approximately 2.0 miles to the west. The 9-1 well has been cased and rig released and completion operations and flow testing will commence as soon as possible.

After conducting a successful completion and testing program, West Energy will tie-in the 9-1 well into its existing infrastructure at the 13-02-050-06W5 battery.

Prior to spudding the well West Energy had designed, surveyed and procured long lead equipment to expedite the tie-in into the Crossfire battery. Current plans are for the 9-1 well to be on stream before the end of the third quarter of 2008.

Flagship has in excess of 12,000 net acres of Nisku rights in the Crossfire area and completed a 100% owned 12 square mile 3D seismic shoot in the third quarter of 2007 which identified Nisku anomalies. Two sections of 100% owned land within the boundaries of the 3D survey were subsequently purchased at an Alberta Crown landsale.

In connection with Flagship's previously announced plan of arrangement with Insignia Energy Inc. (the "Arrangement"), the mailing of its proxy materials to shareholders was completed on July 3, 2008. Flagship's shareholder meeting to approve the Arrangement will be held on July 30, 2008. Flagship's Class A Shares and Class B Shares will resume trading on the TSX Venture Exchange on or about July 11, 2008.

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NOTE: Natural gas and liquids reserves and volumes are converted to a common unit of measure on a basis of six thousand cubic feet ("Mcf") of gas to one barrel (bbl) of oil. Disclosure provided herein in

respect of barrels of oil equivalent ("BOE") may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

ADVISORY: Certain information regarding Flagship in this news release including management's assessment of future plans and operations, reserve and production estimates, drilling inventory and wells to be drilled, timing of drilling and tie in of wells, productive capacity of new wells, capital expenditures and timing 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, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, incorrect assessment of the value of acquisitions, failure to 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. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect Flagship's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). Furthermore, the forward looking statements contained in this news release are made as at the date of this news release and Flagship 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 required by applicable securities laws. The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.