



# INSIGNIA

## JOINT PRESS RELEASE

### INSIGNIA ENERGY LTD. (FORMERLY FLAGSHIP ENERGY INC.) AND INSIGNIA ENERGY INC. COMPLETE ARRANGEMENT

**July 31, 2008, Calgary, Alberta** – Insignia Energy Ltd. (formerly Flagship Energy Inc.) ("**Insignia Ltd.**") (TSXV: FG.A) and Insignia Energy Inc. ("**Insignia Inc.**") are pleased to announce that the previously announced plan of arrangement (the "**Arrangement**") has been completed effective today. The shareholders of both companies have approved the Arrangement at their respective shareholder meetings on July 30, 2008 and all Court and regulatory approvals required to effect the Arrangement have been received. The completion of the Arrangement resulted in the acquisition by Insignia Ltd. of substantially all of the assets of Insignia Inc. and the re-capitalization of Insignia Ltd.

As a result of the Arrangement, the former Class A and Class B shareholders of Insignia Ltd. received an aggregate of 831,122 common shares of Insignia Ltd. ("**Insignia Ltd. Shares**"), the former shareholders of Insignia Inc. received an aggregate of 4,112,039 Insignia Ltd. Shares and Tricap Partners Ltd. ("**Tricap**") received an aggregate of 6,176,471 Insignia Ltd. Shares (which consist of 3,970,589 Insignia Ltd. Shares issued at an issue price of \$6.80 per share in connection with the conversion of \$27 million of debt owed by Insignia Ltd. to Tricap and 2,205,882 Insignia Ltd. Shares issued at an issue price of \$6.80 per share in connection with the \$15 million private placement to Tricap). In addition, at closing, the former Class A and Class B shareholders of Insignia Ltd. were issued an aggregate of 1,470,587 share purchase warrants and the shareholders of Insignia Inc. were issued an aggregate of 1,470,465 share purchase warrants. Each warrant entitles the holder to acquire one Insignia Ltd. Share at a price of \$6.80 per Insignia Ltd. Share prior to 4:30 p.m. (Calgary time) on September 4, 2008. After giving effect to the Arrangement (including the consolidation), there are 11,119,632 Insignia Ltd. Shares outstanding as of today's date, subject to rounding for fractional shares. Assuming all warrants are exercised, no Insignia Ltd. Shares held by odd-lot holders are purchased by Insignia Ltd. and no Insignia Shares are issued to Tricap pursuant to Tricap's equity commitment there will be 14,060,684 Insignia Ltd. Shares outstanding immediately after the expiry of the warrants, subject to rounding for fractional shares. All of the foregoing numbers of shares give effect to the 100 for one consolidation of the Insignia Ltd. Shares that occurred pursuant to the Arrangement.

Tricap has undertaken to: (i) provide Insignia Ltd. with up to \$10 million backstop in the event warrants are not exercised by the former Class A and Class B shareholders of Flagship; and (ii) provide Insignia Ltd. with a \$25 million equity line for the issuance of up to 3,676,470 Insignia Ltd. Shares at an issue price of \$6.80 per share.

The Insignia Ltd. Shares have been conditionally approved for listing on the TSX Venture Exchange ("**TSXV**"). The Insignia Ltd. Shares will commence trading on the TSXV under the symbol "ISN" following the filing of certain final documentation by Insignia Ltd. and the issuance by the TSXV of a final bulletin concerning the Arrangement, which bulletin is expected to be issued by the TSXV during the first week of August. The Insignia Ltd. Shares are temporarily halted at Insignia Ltd.'s request and will remain so until the issuance by the TSXV of the final bulletin concerning the Arrangement.

In order to receive certificates for Insignia Ltd. Shares and warrants (which expire on September 4, 2008), registered shareholders of Insignia Ltd. (former Flagship shareholders) must submit a letter of transmittal along with their share certificate(s) to Valiant Trust Company, the depositary for the Arrangement. Registered shareholders of Insignia Inc. are not required to submit a letter of transmittal or their share certificates to receive the Insignia Ltd. Shares and warrants they are entitled to under the Arrangement.

Insignia Ltd. is led by an experienced management team consisting of Jeff Newcommon, President and Chief Executive Officer, Glen Fischer, Chief Operating Officer, Steven J. Mackay, Vice President Exploration and Brenda

Hughes, Interim Chief Financial Officer and a strong Board consisting of David Ambedian, Sandra S. Cowan, Jeffery E. Errico, Christopher P. Slubicki, Jeff Newcommon, Jim Reid and Brian Baker.

Sayer Energy Advisors acted as financial advisor to Insignia Ltd. and GMP Securities L.P. acted as financial advisor to Insignia Inc. with respect to the Arrangement.

### **Cautionary Statements**

*Disclosure provided herein in respect of BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf to 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. All BOE conversions in this press release are derived by converting gas to oil according to this 6 Mcf to 1 Bbl ratio.*

*Certain information set forth in this press release, including without limitation management's assessment of Insignia Ltd.'s future plans and expenditures, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Insignia Ltd.'s control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Insignia Ltd's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statement will transpire or occur, or if any of them do so, what benefits that work and the combined company will derive therefrom. Insignia Ltd. disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.*

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*The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.*