



INSIGNIA

INSIGNIA
ENERGY Ltd.

THIRD QUARTER INTERIM REPORT

2008

Press Release November 20, 2008

Calgary - Insignia Energy Ltd. is pleased to announce its financial and operating results for the three months and nine months ended September 30, 2008 as follows:

Corporate Highlights

	Three months ended			Nine months ended	
	September 30, 2008 \$	June 30, 2008 \$	September 30, 2007 \$	September 30, 2008 \$	September 30, 2007 \$
Financial					
(\$ thousands, except per share amounts)					
Oil and natural gas sales	3,831	1,004	173	5,643	730
Funds from operations ⁽¹⁾	1,488	430	78	2,209	169
Per share - Basic and diluted ⁽¹⁾	0.16	0.10	0.02	0.38	0.04
Net loss	(1,425)	(5)	(184)	(1,584)	(2)
Per share - Basic and diluted	(0.16)	(0.00)	(0.05)	(0.27)	0.00
Working capital	30,246	15,756	16,780	30,246	16,780
Future proceeds from equity line ⁽²⁾	25,000	-	-	25,000	-
Total capital resources available ⁽³⁾	55,246	15,756	16,780	55,246	16,780
Property and equipment	49,095	4,419	4,143	49,095	4,143
Total assets	87,384	22,230	21,785	87,384	21,785
Weighted average common shares outstanding (thousands):					
Basic and diluted ⁽⁴⁾	9,038	4,112	4,112	5,781	4,030
Operating					
(boe conversion - 6:1 basis)					
Average daily production					
Natural gas (mcf/d)	3,390	1,129	351	1,873	388
Oil and NGL (bbls/d)	168	-	-	56	-
Total (boe/d)	733	188	59	368	65
Product prices					
Natural gas (\$/mcf)	7.22	9.77	5.36	7.92	6.89
Oil and NGL (\$/bbl)	101.52	-	-	101.52	-
Total (\$/boe)	56.81	58.63	32.13	55.88	41.34
Operating netback (\$/boe) ⁽¹⁾	27.35	33.91	19.33	28.38	22.77

- (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 and transportation costs calculated on a boe basis.
- (2) Insignia has a \$25 million unused equity line whereby Tricap Partners Ltd. are 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.
- (3) Total capital resources available includes working capital plus future proceeds from the equity line with Tricap Partners Ltd.
- (4) Excludes shares to be issued pursuant to the Tricap Partners Ltd. equity line.

MESSAGE TO SHAREHOLDERS

Insignia Energy Ltd. (“Insignia or the Company”) is pleased to report to its shareholders the financial and operating results for the three and nine months ended September 30, 2008. This is the first reporting quarter since the reverse take-over (the “RTO”) of Flagship Energy Inc. which closed on July 31, 2008. The RTO was concluded through a Plan of Arrangement (the “Arrangement”) whereby, among other things, Insignia (formerly Flagship Energy Inc.) acquired substantially all of the assets and liabilities of Insignia Energy Inc., a private Alberta based company.

As a result of the timing of the closing of the Arrangement, this report, for the quarter ended September 30, 2008, reflects only a partial quarter, namely 61 days of financial and operating results of Insignia Energy Ltd. and a full quarter of the financial and operating results of Insignia Energy Inc. Similarly, the nine month data again reflect 61 days of Insignia Energy Ltd. and the full nine month period of Insignia Energy Inc.

Reflecting this partial quarter, production averaged 733 boe/d and funds from operations totalled \$1.5 million for the three months ended September 30, 2008. In addition, Insignia ended the third quarter with a strong balance sheet consisting of \$30.2 million of positive working capital with no debt. Further, and as highlighted in Note 6 to our Financial Statements, Insignia has a \$25 million unused equity line whereby Tricap Partners Ltd. are committed, prior to July 31, 2009, to subscribe for an additional 3,676,470 shares of Insignia at a price of \$6.80 per share.

THIRD QUARTER 2008 HIGHLIGHTS

- Completed the Arrangement whereby Insignia (formerly Flagship Energy Inc.) acquired substantially all of the assets and liabilities of Insignia Energy Inc. and the Company was recapitalized with significant equity investment from Tricap Partners Ltd. The transaction closed on July 31, 2008.
- On August 8, 2008, Insignia began trading on the TSX Venture Exchange under the symbol “ISN”. Subsequent to the third quarter, Insignia moved its listing to the Toronto Stock Exchange (TSX) and began trading on the TSX on October 30, 2008 under the symbol “ISN”.
- In September, the operator of the Crossfire Nisku well located at 09-01-50-6 W5M (Insignia 15% working interest) placed the well on production having been granted Good Production Practice (GPP) status from the Energy Resources Conservation Board (ERCB). Initial rates from the well have been positive, yielding approximately 1,850 bbls/d of light oil and 1.3 mmcf/d of raw gas or approximately 2,000 boe/d gross (300 boe/d net).
- The Company exited the quarter at a production rate of 1,000 boe/d.
- The Company has, inclusive of the Tricap Partners Ltd. equity line, in excess of \$55 million of capital resources, which on a per share basis, after giving consideration to the shares to be issued to Tricap Partners Ltd. pursuant to the equity line, represents approximately \$3.39 per share.

OUTLOOK

In the past few months we have all witnessed unprecedented volatility in the world markets which has, in turn, created much uncertainty. While no one knows how long this current uncertainty will last, we know that our approach to our business hasn’t changed, nor has our focus or determination to build value for Insignia shareholders. Our management team has collectively worked through a number of down cycles, and we know that it is these times of uncertainty that have created the best opportunities and wealth generation for our industry. Further, we also know that our business is centered on a non renewable resource, oil and gas, and this resource will continue to be in great demand for many years to come. Although the short term is highly unpredictable, the long term fundamentals in the oil and gas industry are extremely positive and it is that longer term approach that we intend to take in the building of Insignia.

Insignia is well positioned to not only weather this economic downturn but is also well positioned to capitalize on tremendous opportunities that we anticipate will be presented to us in the coming months. Although our single biggest asset is our \$55 million in positive working capital (includes the \$25 million equity line), we also have a

diversified portfolio of medium to low risk drilling and completion opportunities including the future advancement of our high impact Crossfire property, a large undeveloped land base of over 145,000 net undeveloped acres, significant tax pools in excess of \$70 million and lastly, an experienced team and aligned Board of Directors.

In the coming months, we intend to advance the delineation of the highest return projects within our portfolio including drilling, completion and facility activity on our Beaverhill Lake, Retlaw, Sedalia, La Glace, Redwater, Nig and Crossfire properties. At the same time, we intend to identify and aggressively pursue accretive corporate acquisition opportunities and, to a lesser extent, asset acquisition opportunities. And, finally, we intend to more actively participate at future Crown land sales acquiring lands in the deep basin corridor of Western Alberta and NE British Columbia at a time when the industry is capital constrained and pulling back on land sale activity.

In the fourth quarter, we plan to spend between \$5.0 to \$7.0 million on capital expenditures with over half of this amount being allocated to land, facilities and seismic. Assuming the Crossfire 9-1 well continues to produce under Good Production Practice (“GPP”), we feel comfortable that we will be on target to meet our previously announced 2008 exit rate of 1,000 to 1,100 boe/d net to Insignia.

Lastly, we wish to thank all shareholders for their overwhelming support in the approval of our recent Plan of Arrangement and generally your support as we navigate through these uncertain times.

Regards,

Jeff Newcommon
President & CEO

Brenda Hughes
Interim CFO and Controller

The discussion of our oil and natural gas activities with respect to oil and gas volumes, 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 and mmcf means million cubic feet.

Investors are further cautioned that the preparations of financial statements in accordance with Canadian generally accepted accounting principles (“Canadian 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 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 and transportation costs 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 management’s assessment of future plans and operations, anticipated commodity prices and their impact, timing of expenditures, budgeted capital expenditures and the method of funding thereof, timing of drilling, completion and tie-in of wells, expected royalty rates and changes to the Alberta royalty regime and the possible effect thereof on the Company and its allocation of capital, expected royalty rates, operating costs and general and administrative expenses and the expected levels of activities 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 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 interim financial statements and Management’s Discussion and Analysis in respect thereof for the nine months ended September 30, 2008 is being filed today with Canadian securities regulators and will be available on SEDAR and can be accessed at www.sedar.com or by visiting Insignia’s website at www.insigniaenergy.ca.

For further information please contact:

Jeff Newcommon
President & CEO
(403) 536-8138
info@insigniaenergy.ca

THE TSX has neither approved nor disapproved the contents of this press release.