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**PRESS RELEASE** **DEE – TSX**

# DELPHI ENERGY DRILLS 21 WELLS IN Q1 2005, INCREASES PRODUCTION 170%

CALGARY, ALBERTA – May 5, 2005 – Delphi Energy Corp. is pleased to announce the consolidated financial and operational results for the interim period ended March 31, 2005.

**First Quarter 2005 Highlights**

- Increased production 170 percent to 3,685 barrels of oil equivalent per day (boe/d) in the first quarter of 2005 from 1,364 boe/d in the first quarter of 2004. This is an increase of 80 percent from 2,045 boe/d in the fourth quarter of 2004. Delphi is currently producing 4,400 boe/d weighted 85 percent to natural gas and natural gas liquids.

- Increased cash flow 132 percent to $5,958,222 for the first quarter of 2005 ($0.12 per share) compared to $2,571,897 ($0.10 per share) in 2004.

- Participated in drilling 21 (4.2 net) wells with a success rate of 81 percent.

- On February 1, 2005, acquired liquids-rich natural gas producing properties with associated facilities and undeveloped land at Bigstone, Alberta for cash consideration of $51 million.

- On March 31, 2005, closed a private placement of 2.7 million flow-through common shares at an exercise price of $4.40 per share for gross proceeds of $12 million.

**Operational and Financial Information**

| | **Three Months Ended March 31** | | |
|---|---|---|---|
| | **2005** | 2004 | **% Change** |
| **Average Daily Production** | | | |
| Natural gas (mcf/d) | **16,880** | 5,308 | **218** |
| Crude oil (bbl/d) | **713** | 434 | **64** |
| Natural gas liquids (bbl/d) | **159** | 45 | **253** |
| Total (boe/d) | **3,685** | 1,364 | **170** |
| **Financial Highlights ($)** | | | |
| Petroleum and natural gas revenue | **13,977,955** | 4,924,735 | **184** |
| Per boe | **42.13** | 39.67 | **6** |
| Cash flow from operations | **5,958,222** | 2,571,897 | **132** |
| Per boe | **17.96** | 20.71 | **(13)** |
| Per share – basic and diluted | **0.12** | 0.10 | **20** |
| Net earnings (loss) | **(1,942,272)** | 939,073 | |
| Per boe | **(5.85)** | 7.56 | |
| Per share – basic and diluted | **(0.04)** | 0.04 | |
| Capital expenditures | **60,035,551** | 5,135,929 | **1,069** |
| | **March 31, 2005** | December 31, 2004 | |
| Debt plus working capital deficit | **70,904,522** | 61,274,113 | **16** |
| Total assets | **195,152,436** | 171,946,974 | **13** |
| Shares outstanding | | | |
| Basic | **50,512,358** | 47,703,775 | **6** |
| Diluted | **53,036,358** | 49,598,858 | **7** |

## Message to Shareholders

Delphi Energy has enjoyed success on its initial development efforts on the more than $108 million in corporate and property acquisitions announced late in 2004. The Company's production increased 170 percent to 3,685 barrels of oil equivalent per day (boe/d) in the first quarter of 2005 compared with 1,364 boe/d in the first quarter of 2004. Delphi is currently producing approximately 4,400 boe/d and expects to exit 2005 above 6,000 boe/d with the 2005 average production rate exceeding 4,800 boe/d. This constitutes a 300 percent growth in production from 2004 to 2005 and a 165 percent increase over the past three years in production per share.

While the acquisitions have provided an immediate and significant increase to the producing asset base, the Company has added approximately 750 boe/d through its $9 million capital program in the first quarter of 2005 at a cost of $12,000 per flowing boe/d. The Company anticipates the capital program through the remainder of the 2005 will yield production growth for less than $18,000 per flowing boe/d. The successful first quarter 2005 capital program focused primarily on low-risk activity, including optimization of existing producing wells, the completion of additional productive zones within existing wells, and development drilling.

## OPERATIONS REVIEW

In the first quarter of 2005, Delphi participated in drilling 21 (4.2 net) natural gas wells for a success rate of 81 percent. The Company continues to operate out of three core areas, including North West Alberta, East Central Alberta and North East B.C.

### Bigstone, North West Alberta

The Bigstone property acquisition closed February 1, 2005, adding approximately 1,150 boe/d of high netback sweet natural gas and natural gas liquids production to the Company. Delphi moved quickly on several capital projects late in the first quarter of 2005 resulting in a 30% increase in production to current levels of 1,500 boe/d. The incremental 350 boe/d (100% working interest) was achieved through several compressor optimization projects and the completion and tie-in of two existing wells.

The Company has dedicated $8 million to $12 million for its Bigstone capital program for the remainder of 2005. Delphi expects to double its production at Bigstone within the next twelve months through its existing inventory of capital projects. Opportunities at Bigstone include multiple low-risk re-entries, workovers, and up to 20 low-risk development drilling opportunities with an additional three to five step-out locations. Delphi has also identified several more compressor and well optimization projects as well as four to six additional shut-in gas wells to tie-in. The Company has excess plant capacity to handle a three-fold increase in production from the area. The drilling program is expected to begin late in the second quarter and continue through the winter. The area offers good summer and fall access for the development drilling opportunities with winter only access limited more to the step-out drilling project areas. The Company's capital budget for the area has the potential to grow beyond $12 million in 2005 depending on the results of the initial drilling program.

### 2005 Development Joint Venture, North West Alberta

Delphi has allocated $5 million for its 2005 well development joint venture in North West Alberta, negotiated as part of Delphi's Bigstone acquisition. The joint venture allows Delphi to earn up to a 100 percent working interest in 26 wells (16,640 acres), subject to a convertible gross overriding royalty. The lands covered by the development joint venture offer multi-zone objectives of sweet gas and light oil.

In the first quarter of 2005, five wells were re-entered to evaluate productivity in the area. About 210 boe/d currently awaits tie-in which will be tied in after break-up. The Company expects to recomplete and evaluate another 15 wells during the remainder of 2005.

### 2005 Exploration Joint Venture, North West Alberta

Delphi has a five-well commitment with a senior industry partner as part of its 2005 exploration joint venture in North West Alberta. Delphi pays 100 percent of initial drilling and completion or abandonment costs to earn a 60 percent working interest in the wells. All five drilling opportunities on the joint venture lands are fully defined on 3D seismic. Delphi has access to both the seismic data of its senior partner as well as pipeline and processing infrastructure.

Delphi expects to spend $10 million as part of its 2005 exploration joint venture. The joint venture targets exploration wells with 25 BCF and deliverability of 5 to 10 mmcf/d per well. At an average cost of $3 million per well, Delphi has secured partners for approximately 35 percent of the exploration program. Through the first quarter of 2005, Delphi worked on licensing the exploration wells. Drilling is expected to commence during the summer. Results are anticipated in the fall.

**Fontas, North West Alberta**

Delphi and its partners completed another significant winter program at Fontas spending $3.7 million (net) during the first quarter of 2005. Delphi participated in the drilling of 16 wells, 8 of which are tied in and producing. The capital program also included 21 workovers and tie-ins of standing tested wells. In addition, a refrigeration unit installed in the first quarter of 2005, at a cost of $3.2 million ($640,000 net), will ensure natural gas production from the area meets the specified pipeline hydrocarbon dew point levels. The capital program increased production rates 55 percent to current levels of approximately 700 boe/d, at an average cost of $21,000 per flowing boe/d.

No new activity is planned for Fontas until next winter. Delphi has an average working interest of 20 percent in the area, including a contiguous land position of 167,000 gross acres.

**North East British Columbia**

Current production from Delphi's recently acquired natural gas properties in North East British Columbia is approximately 1,100 boe/d. Delphi added this area on December 9, 2004 with the acquisition of a private company. The acquisition included 21,000 net acres of undeveloped land and offers significant growth potential. During the first quarter of 2005, Delphi tied in one standing well for a production increase of 50 boe/d. Although Delphi had several projects identified for the first quarter of 2005 and obtained the required regulatory approvals, operations were cut short due to an early spring breakup. Delphi estimates more than 150 boe/d were left behind pipe on its lands in North East B.C. when winter ended early and will not be brought on until January 2006.

Delphi has allocated $5 million of its capital program for 2005 to conduct a two to four well summer drilling program and participate in the tie-in of a Slave Point gas well. Delphi is in the process of completing all technical, land, and regulatory work to prepare for an active winter drilling program in 2005/2006, with several tie-in and well optimization projects as well as 15 to 25 development drilling opportunities.

**East Central Alberta**

East Central Alberta offers significant potential infill and step-out drilling locations at Thompson Lake, Neutral Hills, Horseshoe and Chauvin. Current production is approximately 765 boe/d, consisting of 85 percent oil and 15 percent natural gas. The Company sold non-core assets in the area producing 200 boe/d for net proceeds of $6 million in January 2005.

Delphi has an abundance of low-cost infill drilling and field optimization opportunities in East Central Alberta. Although Delphi has been increasing its weighting to natural gas, strong oil prices make it attractive for Delphi to continue developing these assets with current plans to drill six to eight oil wells in East Central Alberta during 2005. Delphi's $3 million capital program in 2005 for the area will also include continued production and operating cost optimization, well reactivations and workovers. Mature and fully developed assets in the area will continue to be considered for disposition.

**FINANCIAL REVIEW**

Delphi's activity in the field is being reflected in its financial results. Petroleum and natural gas revenues in the first quarter of 2005 increased 184 percent to $14 million. Delphi increased its cash flow 132 percent to $6 million in the first quarter of 2005 compared with $2.6 million in the first quarter of 2004. For the three months ended March 31, 2005, the net loss was $1.9 million ($0.04 per share), including an unrealized loss on risk management activities of $1.8 million after tax, compared to net earnings of $0.9 million ($0.04 per share) for the comparative period.

Delphi incurred capital of $9 million, excluding acquisitions, and received proceeds on the disposition of two non-core properties of $6 million. These proceeds and increased bank debt were used to fund the repayment of the mezzanine debt of $10 million.

## OUTLOOK

Delphi's first quarter operating results provide an indication of the growth potential beginning to be realized. The major corporate and property acquisitions have been integrated into the Company with the expanded Delphi team of highly skilled and motivated individuals. The 2005 capital program is being executed as planned. The success in the first quarter of 2005 demonstrates the high quality and low-risk profile of the opportunities being pursued. Delphi expects the growth profile from our planned capital program to continue to gain momentum through the remainder of 2005 and into 2006.

Delphi plans to spend approximately $28 to $30 million through the remainder of 2005. Ninety percent of the budget will be spent in North West Alberta and North East B.C. Delphi expects to drill an additional 20 wells throughout the remainder of the year. Significant focus will continue on the low-risk tie-in, optimization, workover and recompletion projects identified. The Company estimates it has 400 to 600 boe/d of production awaiting tie-in.

Improved operating efficiencies are already being realized with near-term operating, general and administrative, and interest costs being 10 to 15 percent lower than realized during the first quarter of 2005. Delphi expects this trend to continue through the remainder of 2005. At current production levels of 4,400 boe/d, monthly cash flow is expected to adequately fund the remaining 2005 capital program, with incremental cash flow from production growth being applied to the Company's bank debt as planned. The Company is forecasting cash flow of $40 million to $45 million in 2005, an increase in cash flow per share of 109 percent to $0.80 to $0.90 per share, resulting in a year-end debt to 2005 cash flow ratio of approximately 1.5 times and 1.1 times using annualized 2005 fourth quarter cash flow.

Delphi is gearing up to take full advantage of its significant inventory of opportunities throughout remainder of 2005.

For a copy of Delphi's complete first quarter 2005 report, including financial statements and management's discussion and analysis, please visit www.sedar.com or Delphi's website at www.delphienergy.ca.

Delphi Energy is a Calgary-based Company managed by a proven technical team. The Company explores, develops and produces oil and natural gas in Western Canada.

*This news release contains forward-looking statements with respect to Delphi. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. These statements speak only as of the date of this news release.*

*A barrel of oil equivalent (boe), derived by converting gas to oil in the ratio of six thousand cubic feet of gas to one barrel of oil, may be misleading, particularly if used in isolation. A boe conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

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