press release

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DELPHI ENERGY PROVIDES OPERATIONS UPDATE

CALGARY, ALBERTA – June 12, 2006 – Delphi Energy Corp. provides an update of its operations and 2006 production forecast as it launches its summer drilling program.

BIGSTONE, NORTH WEST ALBERTA

Delphi's summer drilling program will focus on its recent light oil discovery in the area. During the winter program, the Company had an exploration discovery of light oil (47^{o} API) and secondary natural gas potential from various formations. Subsequent to the discovery, Delphi acquired 1,280 acres of offsetting land at a Crown land sale, providing additional development potential. Delphi now has over 30 drilling locations identified. The Company plans to drill up to four wells this summer to evaluate multi-zone targets and delineate the light oil discovery. Delphi has one drilling rig contracted and anticipates a July spud of the first well.

The Company's successful winter program, in combination with other plant owner activity in the area, has led to a large increase in the amount of natural gas flowing to the Bigstone gas plant. This increase in throughput has caused greater plant downtime and higher operating system pressures, resulting in a temporary reduction of well productivity. All third party production volumes have been shut-in. Delphi and the plant operator are evaluating additional options to increase capacity and decrease downtime at the Bigstone plant.

BIGFOOT, NORTH EAST BRITISH COLUMBIA

Drilling, completion and tie-in operations are ongoing at Bigfoot in North East British Columbia. Delphi is currently participating in the drilling of its 12^{th} well and will spud the 13^{th} well by the end of June. Delphi now anticipates drilling a total of 16 wells (three less than planned due to summer access limitations) on the approximately 75,000 gross acres in the northern half of the joint venture lands ("Area 1"), prior to the winter of 2006/07.

Six wells have been producing since late April 2006 and production performance is meeting our original expectations. Three additional wells will be tied-in by the end of June and placed on production. A total of 17 wells are expected to be tied-in by October of 2006. The remaining four wells will be completed, tied-in and placed on production during the winter capital program of 2006/07. These activities will satisfy Delphi's obligations for earning in Area 1.

Delphi has also completed the acquisition of 3D seismic over the 65,000 gross acres of the southern half of the joint venture lands ("Area 2"). The data has been processed and is of high quality. Preliminary mapping suggests that Area 2 is equally as prospective as Area 1. Delphi has until August 31, 2006 to further evaluate the seismic and elect to participate in the development of Area 2.

EXPLORATION

Tower Creek, Alberta

The recently announced 4,900 metre Tower Creek Leduc well in North West Alberta has been completed. The 95 metre open-hole section will be stimulated with acid prior to production testing. Testing operations are anticipated to be completed in July. Delphi participated in the drilling of this well at 21.67 percent and has earned a 20.17 percent interest in the well bore and surrounding acreage. Tie-in options are being finalized and production is anticipated to commence late in the fourth quarter of 2006 or early in the first quarter of 2007.

Delphi plans to participate in a second deep seismically defined exploration test in this area targeting high pressure sweet gas from the highly fractured Wabamun formation. Under the terms of the agreement, Delphi has the option to participate for 18.61 percent in the drilling of the well to earn 15.53 percent in the well bore and surrounding acreage. Upon completion of earning, Delphi will have an interest in over 12,000 acres in the Tower Creek area.

Valhalla, Alberta

The Company's exploration discovery in the Wabamun formation was placed on-stream in the second quarter at a restricted gross production rate of 1,000 mcf/d. While capable of much higher rates, the well is currently restricted to approximately 25 percent of tested capability due to third party pipeline capacity constraints. Efforts are proceeding to alleviate these constraints by the fourth quarter of 2006. Delphi has an 18 percent working interest in the 13-21 well.

Brazeau, Alberta

Completion operations have commenced on the Company's deep exploration well in the Brazeau area to exploit six potential natural gas zones. Tie-in plans are being finalized and a successful completion will result in production commencing in the fourth quarter 2006. Delphi has a 27 percent working interest in the well and the surrounding 2,560 acres of undeveloped land.

PRODUCTION

Production during the second quarter of 2006 is anticipated to average approximately 5,900 boe/d, an 18 percent increase over the first quarter of 2006 production rate of 5,011 boe/d and a 40 percent increase over the comparative quarter in 2005. Production during the second quarter has been negatively affected by approximately 300 boe/d as a result of facility interruptions at Bigstone and processing constraints in the Grande Prairie area. Delphi's current production is approximately 6,100 boe/d (weighted 83 percent natural gas).

At Bigstone, approximately 300 boe/d of new production from the winter drilling program remain behind pipe due to surface access restrictions. It is anticipated that 150 boe/d of this behind pipe production will be accessible prior to next winter. Higher than forecasted initial decline rates on three wells drilled in late 2005 at Bigstone have reduced anticipated production by 250 boe/d. These wells have since stabilized at the typical 12 percent decline profile. New production from the winter drilling program at Windflower in North East British Columbia has stabilized 250 boe/d lower than forecasted.

Current efforts to access behind pipe capability and eliminate facility constraints are anticipated to contribute to fourth quarter production volumes. These activities, combined with the recent exploration successes and the second half 2006 capital program, should substantially offset the current near term shortfalls. Production is forecast to increase significantly in the fourth quarter 2006.

DISPOSITION OF NON-CORE ASSETS

On May 31, 2006, Delphi closed the previously announced disposition of its non-core, non-operated assets in North West Alberta for total proceeds of approximately $12.1 million. The assets produced approximately 50 boe/d and included 10,800 net acres of undeveloped land. The proceeds were used to pay down the Company's bank debt. The Company continues to evaluate the potential sale of its East Central Alberta assets.

RISK MANAGEMENT PROGRAM

Delphi's hedging program consists of both fixed price contracts as well as costless collars, which provide both downside protection and the opportunity to share in upward movement in the market prices. At current market prices for natural gas, Delphi is realizing incremental revenue of approximately $1 million per month or $1.10 per thousand cubic feet on its hedging program. The Company has approximately 12.3 million cubic feet per day hedged at a minimum floor price of Cdn $8.73 per thousand cubic feet until the end of October 2006 and 11.3 million cubic feet per day hedged at a minimum floor price of Cdn $9.84 per thousand cubic feet from November 1, 2006 to March 31, 2007.

OUTLOOK

Delphi remains focused on creating shareholder value through its development and exploration programs on its high quality assets concentrated in North West Alberta and North East British Columbia. The Company is well positioned for long term sustainable growth with an inventory of drilling opportunities in excess of five years.

As a result of the near term production shortfalls, Delphi has lowered its production guidance for 2006 to 6,000 boe/d from 7,000 boe/d. The Company has also revised its 2006 exit production rate guidance to 7,500 boe/d from 8,000 boe/d.

In response to the softening of natural gas prices since January 2006, primarily associated with the significant surplus of North American natural gas in storage, the Company has lowered its forecast AECO gas price for 2006 from $8.20/mcf to $7.00/mcf. Partially offsetting lower than forecast natural gas prices, Delphi continues to benefit from its risk management program and a decreasing cost structure contrary to the hyper-inflationary cost environment. Delphi now expects 2006 cash flow to be approximately $60 million ($1.07 per share) down from its previous guidance of $70 million ($1.30 per share) as a result of the lower natural gas prices and lower production volumes.

The recent weakness in natural gas prices is viewed as short term as supply and demand fundamentals support an improved natural gas price environment into 2007. This near term natural gas price weakness and volatility presents a challenging environment with the current inflated cost structure of services. As such, the remainder of the Company's 2006 capital program is being evaluated on a project basis and adjustments will be made, if necessary.

Delphi Energy is a Calgary-based company that explores, develops and produces oil and natural gas in Western Canada. The Company is managed by a proven technical team. Delphi trades on the Toronto Stock Exchange under the symbol DEE.

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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.