



DELPHI ENERGY CORP.

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DELPHI ENERGY VALIDATES HYTHE GROWTH POTENTIAL WITH RECENT DRILLING SUCCESS

CALGARY, ALBERTA – September 25, 2008 – Delphi Energy Corp. (the “Company”) is pleased to provide the following operational update to its ongoing capital program at its Hythe property, located in north west Alberta.

As a result of successful field operations, production from the Hythe property has increased 300 percent to approximately 1,600 boe/d from 400 boe/d when the property was acquired in September 2007. The Company has spent approximately \$28.1 million over the past year executing a focused optimization, recompletion and drilling program based on updated geological and geophysical mapping combined with the application of new completion technology.

Since acquiring the Hythe assets, the Company has been unlocking the growth potential on the 86 sections (72 percent average working interest) of undeveloped land. Compared to Bigstone, where the Company has successfully tripled production to approximately 3,000 boe/d over the past three years while spending less than the cash flow generated from the property, Hythe has three times the undeveloped land base. Additionally, the twelve productive zones in Hythe are almost twice the number of formations being pursued at Bigstone.

Company owned and operated field gathering infrastructure as well as ownership in processing plant capacity at Hythe and Bigstone are key strategic advantages increasing project economics and overall capital efficiencies, as well as the critical issue of ensuring new production moves from the wellhead to sales on a timely and continuing basis.

The Company has been successful in developing new play-types in multiple zones in the Hythe area at drilling depths from 900 metres to 2,500 metres providing an increasingly diversified portfolio of opportunities in developing the 2009 and subsequent capital programs.

- A new pool containing an estimated 10 million barrels of oil-in-place of 45 degree API light oil has been discovered in the Doe Creek formation at a depth of approximately 1,000 metres. Analog pools in the area have recovery factors of up to 19 percent. The discovery well (100% DEE) had an initial production rate of 75 barrels per day (bbls/d) and has since stabilized at approximately 50 bbls/d after six weeks of production. Based on 160 acre spacing, the Company has identified approximately 24 follow-up locations and is evaluating the feasibility of developing the new pool with horizontal wells to enhance initial production rates, ultimate recovery and overall project economics.
- The Dunvegan formation at approximately 1,300 metres has been successfully completed in two wells utilizing new gas-frac technology. This formation, that has historically been marginally economic in the area, is now providing significant future development potential for the Company. The reservoir rock, having a thickness of up to 18 metres, is characterized as slightly under-pressured with good porosity but lower permeabilities. Delphi operated wells completed using the gas-frac technology have experienced initial rates of up to 1.5 million cubic feet per day (mmcf/d) stabilizing at rates between 250 mcf/d and 500 mcf/d. Delphi is preparing to drill a horizontal well utilizing multi-stage fracing technology to further enhance the economics of this emerging play. Preliminary mapping indicates an initial 10 follow-up locations based on 320 acre spacing. Seismic and sub-surface mapping is continuing to fully define the extent of this play.
- The Company has also been successful in completing, testing and now producing natural gas from the Paddy, Falher, Bluesky, Gething, and Cadomin formations in several wells with initial test rates of up to 2.5 mmcf/d. Delphi is currently drilling its first horizontal well targeting the Cadomin formation in an area where a recently drilled vertical well is currently producing 1.5 mmcf/d. The horizontal well will be completed utilizing multi-stage fracing technology. Preliminary mapping indicates an initial 6 follow-up locations in the Cadomin formation based on 640 acre spacing and up to 40 locations in the Bluesky formation based on 320 acre spacing.

- The Nikanassin formation at depths to 2,500 metres has been successfully completed in one wellbore. Results are typical for the area with initial production rates up to 750 mcf/d and stabilized rates between 250 mcf/d and 500 mcf/d. A detailed resource study is nearing completion, which will assist the Company in defining the potential and development plan for this formation which contains original gas-in-place of up to 20 billion cubic feet per section. The Company expects to drill its first horizontal well in the Nikanassin during the upcoming winter season.

Drilling success to date in Hythe and the ongoing capital program testing other new play types provide visible growth for the Company with five to 10 years of drilling inventory. In order to maximize recovery of reserves, commingling approvals and downspacing applications have been obtained. Current downspacing approval allows the drilling of up to two wells per section which in turn will result in increased field productivity and reserve recovery.

Delphi has also drilled and cased two wells (1.1 net) in the Bigstone area during the summer program, targeting natural gas in the Cretaceous aged formations at depths ranging from 2,200 to 2,800 metres. Both of the wells have been recently completed and the first well is now tied-in and on production at an initial production rate of 1.5 mmcf/d. The second well is anticipated to come on production in early October.

In addition, the Company conducted two recompletion projects in the Dunvegan formations at Bigstone utilizing the new gas-frac technology. The results remain confidential, but the new technology has lowered the cut-off parameters previously thought necessary for economic production. Several additional recompletion projects have been identified in existing Company wells and new opportunities are being pursued in the area.

Also, the Company has successfully recompleted and tied-in three suspended wells for Cardium light oil production, adding approximately 100 boe/d of 47 degree API light oil. The Bigstone Cardium play continues to develop with approximately 14 drilling locations now identified.

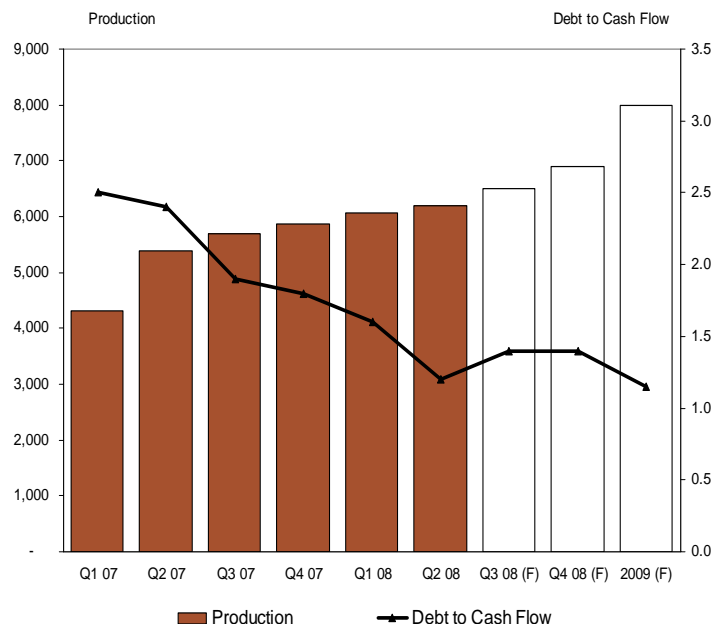
OUTLOOK

Production during the third quarter, is estimated to be approximately 6,400 boe/d, meeting guidance expectations and quarter over quarter growth for the sixth consecutive quarter.

Delphi is providing guidance for the fourth quarter 2008 production to average between 6,800 boe/d and 7,000 boe/d, an 18 percent increase over the fourth quarter 2007.

Based upon an average realized natural gas price of approximately \$8.75 per mcf, funds from operations (cash flow) for 2008 is forecast to be between \$71.5 million (\$0.97 per share) and \$74 million (\$1.01 per share), a 49 per cent increase from \$48.5 million (\$0.72 per share) in 2007 as a result of increased production volumes and higher commodity prices. The Company expects its debt to cash flow ratio to be approximately 1.4 to 1 at December 31, 2008 with debt plus working capital of approximately \$100 million on credit facilities of \$140 million.

For 2009, Delphi reiterates its production guidance of 7,700 to 8,300 boe/d, representing a 25 percent increase in average production over 2008.



Positive drilling results and continued production growth, coupled with secure financial resources continue to favorably influence Delphi's capital investment decisions. The Company looks forward to reporting further results in its third quarter report scheduled for release on November 6, 2008.

David J. Reid, President and CEO of Delphi will be presenting at the COPIC Energy Conference in Toronto, Ontario on Tuesday, September 30, 2008 at 11:00am (Eastern Time). To listen to this online event, please visit Delphi Energy's website at: www.delphienergy.ca.

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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This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words “expect”, “anticipate”, “continue”, “estimate”, “may”, “will”, “should”, “believe”, “intends”, “forecast”, “plans”, “guidance” and similar expressions are intended to identify forward-looking statements or information.

More particularly and without limitation, this press release contains forward looking statements and information relating to the Company's risk management program, petroleum and natural gas production, future funds flow from operations, capital programs, natural gas prices and debt levels. The forward-looking statements and information are based on certain key expectations and assumptions made by Delphi, including expectations and assumptions relating to prevailing commodity prices and exchange rates, applicable royalty rates and tax laws, future well production rates, the performance of existing wells, the success of drilling new wells, the capital availability to undertake planned activities and the availability and cost of labour and services.

Although the Company believes that the expectations reflected in such forward-looking statements and information are reasonable, it can give no assurance that such expectations will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production, delays or changes in plans with respect to exploration or development projects or capital expenditures, the uncertainty of estimates and projections relating to production rates, costs and expenses, commodity price and exchange rate fluctuations, marketing and transportation, environmental risks, competition, the ability to access sufficient capital from internal and external sources and changes in tax, royalty and environmental legislation. Additional information on these and other factors that could affect the Company's operations or financial results are included in reports on file with the applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). The forward-looking statements and information contained in this press release are made as of the date hereof for the purpose of providing the readers with the Company's expectations for the coming year. The forward-looking statements and information may not be appropriate for other purposes. Delphi undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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.