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press release

DEE – TSX

DELPHI ENERGY CLOSES \$56.0 MILLION ACQUISITION

CALGARY, ALBERTA – December 9, 2004 – Delphi Energy Corp. is pleased to announce that it has closed the acquisition of Tercero Energy Inc., a private Alberta oil and gas company, for \$56.0 million.

Delphi acquired 100% of the issued and outstanding securities of Tercero in accordance with the terms of Delphi's take-over bid offer dated November 3, 2004. All conditions of the offer have been satisfied or waived and Delphi has taken up and paid for all the Tercero securities that were tendered in accordance with the terms of the offer by providing notice and the necessary consideration to CIBC Mellon Trust Company, the depositary under the offer. The total consideration paid by Delphi for Tercero was \$42.5 million plus assumed debt and working capital adjustments estimated to be \$13.5 million at closing. The acquisition was funded by a \$20 million equity financing that closed on November 24, 2004 and increased credit facilities.

The Tercero properties currently produce approximately 1,200 boe/d, consisting of 92 percent natural gas and eight percent liquids, with proven and probable reserves estimated to be 4.7 million boe. The core properties and associated 21,000 net acres of undeveloped land are located in northeast British Columbia, directly west of Delphi's core area of Fontas, Alberta. Drilling operations have already commenced on an exploratory well, the first of up to 12 drilling opportunities and additional optimization and recompletion projects identified on these undeveloped lands for 2005.

Delphi President and CEO David Reid said the Tercero acquisition increases Delphi's production to more than 3,000 boe/d. "We are very pleased to have closed this acquisition," Reid said. "The assets enhance our existing industry relationships and are complementary to our current asset base and growth strategy of becoming a long reserve life, natural gas producer."

In addition to the Tercero acquisition, Delphi announced on December 6, 2004 that it has signed a letter of intent with a major Canadian oil and gas company to purchase natural gas assets in Delphi's core area of Berland River, 250 kilometres northwest of Edmonton. The cost of the acquisition is approximately \$52 million. This property is expected to add 1,200 boe/d of production, consisting of 83 percent natural gas, and 3.4 million boe of proven and probable reserves. After closing the acquisition, average daily production estimates for Delphi in 2005 will increase to more than 5,000 boe/d.

Delphi Energy is a Calgary-based company engaged in the exploration, development and production of oil and natural gas in Western Canada.

David J. Reid
President and Chief Executive Officer

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