press release

1500, 444 - 5 Avenue SW, Calgary, Alberta T2P 2T8
Telephone: (403) 265-6171 Facsimile: (403) 265-6207

Email: info@delphienergy.ca
Website: www.delphienergy.ca
TSX Symbol: DEE

Delphi Energy Corp.

DELPHI ENERGY REPORTS RECORD PRODUCTION IN SECOND QUARTER

CALGARY, ALBERTA – August 10, 2006 – Delphi Energy Corp. is pleased to announce its financial and operational results for the interim period ended June 30, 2006.

Q2 2006 Highlights

- Increased production by 39 percent to 5,834 barrels of oil equivalent per day (boe/d) from 4,192 boe/d in the second quarter of 2005 and by 16 percent from 5,011 boe/d in the first quarter of 2006.
- Increased funds from operations by 82 percent to $14.5 million ($0.26 per share) compared to $7.9 million ($0.16 per share) in 2005 and up 17 percent from $12.4 million in the first quarter of 2006.
- Achieved net earnings of $4.8 million ($0.09 per share) compared to $1.0 million ($0.02 per share) for the second quarter of 2005.
- Increased cash netbacks to $27.22 per boe, an improvement of 31 percent compared to the same quarter in the prior year.
- Maintained operating costs at $8.07 per boe, lower than $8.41 per boe in the second quarter of 2005 and virtually unchanged from $8.09 per boe in the first quarter of 2006 despite significant inflationary pressures.
- Delphi and its joint venture partner brought on production from the Bigfoot area of North East British Columbia.
- Completed drilling operations on a 4,900 metre Leduc exploration well at Tower Creek, Alberta in record drilling time and under budget.
- Closed a private placement of 5.2 million flow-through common shares for gross proceeds of $25.0 million and received proceeds on the disposition of several non-core properties for $15.7 million.

Operational Highlights	Three Months Ended June 30			Six Months Ended June 30		
	2006	2005	% Change	**2006**	2005	% Change
Production						
Natural gas (mcf/d)	**28,797**	19,961	44	**26,260**	18,429	42
Crude oil (bbls/d)	**531**	591	(10)	**537**	652	(18)
Natural gas liquids (bbls/d)	**503**	274	84	**510**	217	135
Total (boe/d)	**5,834**	4,192	39	**5,424**	3,941	38
Financial Highlights ($000s except per boe and per share amounts)						
Petroleum and natural gas sales	**25,865**	17,335	49	**49,674**	31,313	59
Per boe	**48.72**	45.45	7	**50.60**	43.91	15
Funds from operations	**14,452**	7,935	82	**26,832**	13,893	93
Per boe	**27.22**	20.80	31	**27.34**	19.49	40
Per share – Basic	**0.26**	0.16	63	**0.48**	0.28	71
Per share – Diluted	**0.26**	0.16	63	**0.48**	0.28	71
Net earnings	**4,768**	1,003	375	**5,955**	(940)	-
Per boe	**8.97**	2.63	241	**6.08**	(1.30)	-
Per share – Basic	**0.09**	0.02	350	**0.11**	(0.02)	-
Per share – Diluted	**0.08**	0.02	300	**0.11**	(0.02)	-
Capital invested	**44,313**	7,095	525	**125,342**	67,131	87

Financial Highlights ($000s)	**June 30 2006**	December 31 2005	% Change
Debt plus working capital	**119,875**	61,020	96
Total assets	**339,224**	244,666	39

MESSAGE TO SHAREHOLDERS

Delphi has achieved consistent growth on all key metrics since going public in June 2003, culminating in record average production of 5,834 barrels of oil equivalent per day during the second quarter of 2006.

Delphi continues to be excited about the growth opportunities within the Company. Exploration success at Tower Creek and Brazeau in Alberta and Bullmoose in British Columbia along with development drilling success at Bigfoot in North East British Columbia and Bigstone in North West Alberta are examples of the Company's grassroots growth strategies at work. Delphi is evaluating alternatives to access approximately 800 to 1,000 boe/d of behind pipe capability anticipated to come on-stream late in 2006 or early in 2007.

The Company also continues to focus on increasing base production volumes by addressing infrastructure constraints and unscheduled downtime on both owned and third-party facilities. Currently, Delphi has approximately 400 to 500 boe/d of restricted production volumes.

OPERATIONS

Bigstone, North West Alberta

In the Bigstone area of North West Alberta, Delphi drilled two gas wells (0.2 net) in the second quarter of 2006 that are in the process of being completed and tied into existing infrastructure. Initial production from these wells is anticipated during the third quarter. In addition, five gas wells (2.5 net) and one oil well (0.6 net) from previous drilling programs were brought on-line through the infrastructure expansion completed at the end of the first quarter. This expansion included eight kilometres of new natural gas pipelines and a significant expansion of a field compression facility, which will allow Delphi to develop the majority of the remaining undeveloped land base in the Bigstone field with minimal infrastructure cost. Delphi was also successful in acquiring an additional 1,280 net acres adjacent to our current land base and immediately offsetting several recent discoveries.

A drilling rig has been contracted for the summer drilling program and the first well was spud in July. The summer program has been focused on delineating the recent light oil discovery (47^{o} API) and deeper Cretaceous gas sands proven productive during last winter's program. Delphi is in the process of licensing six locations and the results of this program will assist in prioritizing the 30 locations currently identified.

Valhalla, Alberta

As previously announced, Delphi's exploration discovery in the Wabamun formation at 13-21 was placed on-stream in the second quarter at a restricted gross production rate of one million cubic feet per day. 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.

Bigfoot, North East British Columbia

In April, Delphi began to record its first production from Bigfoot in North East British Columbia. The Bigfoot core area is part of a farm-in agreement with a senior producer signed in November 2005. The agreement offers Delphi the opportunity to earn a working interest in 200 sections of land and creates an area of mutual interest covering an additional 200 sections. The earned lands are expected to offer the Company 30 locations per year for at least five to 10 years. Production from Bigfoot commenced sooner than expected as a result of the early completion and commissioning of major infrastructure constructed during the 2005/06 winter drilling season. During the second quarter, Delphi drilled seven gas wells (3.5 net) and initiated production from 10 gas wells (5.0 net), including wells drilled in the second quarter and existing productive wellbores. Since coming online in mid-April, second quarter production in the Bigfoot area averaged 775 boe/d net to Delphi. At the end of the second quarter, eight gas wells (4.0 net) were in various stages of completion or tie-in and three wells (1.5 net) remained to be drilled to complete the earning commitment. Eight of these wells (4.0 net) are anticipated to be tied in during the third quarter and the remaining will be tied in during the upcoming winter program. The winter program is expected to conclude the earning commitments on the northern half of the joint venture lands ("Area 1"). At the conclusion of this program, Delphi will have earned a 50 percent working interest in 21 wells and 75,000 gross acres fully covered with 3D seismic, 30 kilometres of a 12-inch natural gas transmission pipeline to transport the natural gas from the Bigfoot area to an existing processing facility in the Greater Sierra area owned and operated by the joint venture partner, and a 54 kilometre all-season road providing access to the undeveloped lands.

Delphi has also completed the acquisition of 3D seismic over 65,000 gross acres in the southern half of the joint venture lands (“Area 2”). The data has been processed and is of high quality. Preliminary mapping suggests Area 2 is equally as prospective as Area 1. Delphi has until August 31, 2006 to further evaluate the seismic data and elect whether or not to participate in the development of Area 2.

Helmet / Windflower / Peggo, North East British Columbia

In the Helmet and Windflower area of North East British Columbia, Delphi finalized the tie-in and initiated production from seven gas wells (3.4 net). Five of these wells were drilled in the first quarter of 2006 and two were from previous drilling programs.

At Peggo, Delphi entered into multiple agreements that resulted in an increase in the Company’s undeveloped land position by 2,900 net acres, the acquisition of a 100 percent working interest in 13 kilometres of a sour gas transmission pipeline and a 50 percent interest in a 30 mmcf/d processing facility.

EXPLORATION DRILLING

Tower Creek, Alberta

Delphi’s 4,900 metre Tower Creek Leduc well in North West Alberta has been completed and production testing continued into early August. After an acid stimulation, the 95 metre open-hole section was production tested at a restricted rate of 15 mmcf/d with a flowing tubing pressure of approximately 3,800 psi. There was no indication of formation water during testing and the well is currently shut-in to obtain pressure data for further analysis regarding deliverability and reserves. Delphi participated in the drilling of this well at 21.67 percent and has earned a 20.17 percent interest in the wellbore and surrounding acreage. Tie-in options are being finalized and production is anticipated to commence late in 2006 or early in 2007. Initial production rates are anticipated to be in excess of the test rates.

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 18.6 percent in the drilling of the well to earn 15.3 percent in the wellbore and surrounding acreage. Upon completion of earning, Delphi will have an interest in more than 12,000 acres in the Tower Creek area.

Brazeau, Alberta

On the Company's deep exploration well in the Brazeau, Alberta area, three of the six potentially productive intervals have been tested, resulting in one oil and two gas completions. The wellbore has been configured to produce two of the tested intervals, one gas and one oil. The third interval that was tested will remain suspended for the near term. Tie-in operations are ongoing and initial production is anticipated in the third quarter of 2006 at 60 boe/d net to Delphi.

Delphi has a 27 percent interest in the well and the surrounding 2,560 acres of undeveloped land. Multiple offset locations have been identified and additional drilling is anticipated prior to year end.

Bullmoose, British Columbia

Delphi also participated at 3.25 percent in a successful well in the Bullmoose region of North East British Columbia. The Bullmoose well tested a Triassic interval at rates of up to 27 mmcf/d gross raw gas. The well is expected to be tied-in during the fourth quarter and initially produce at 60 boe/d net to Delphi.

PRODUCTION

Production during the second quarter of 2006 averaged approximately 5,834 boe/d, a 16 percent increase over the 5,011 boe/d averaged in the first quarter of 2006 and a 39 percent increase over the comparative quarter in 2005. As previously reported, production during the second quarter was negatively affected by approximately 300 boe/d as a result of facility interruptions at Bigstone and processing constraints in the Grande Prairie area.

DISPOSITION OF NON-CORE ASSETS

In line with the stated objectives of focusing the Company's efforts in areas of high working interests and maximizing shareholder value, Delphi initiated the divestment of several non-core assets during the second quarter of 2006.

On May 31, 2006, Delphi closed the disposition of non-core, non-operated assets in North West Alberta for total proceeds of $12.1 million. The assets produced approximately 50 boe/d net to Delphi and included 10,800 net acres of undeveloped land.

Delphi had also initiated a process through the public marketplace to divest its East Central Alberta assets, which contributed 625 boe/d in the first half of 2006. Two of the properties garnered bids exceeding expectations and the Company has proceeded with the divestiture of these assets. Delphi closed the disposition of one of the assets in the second quarter and the disposition of the other property is scheduled to close in the third quarter. These assets produced approximately 100 boe/d net to Delphi and total proceeds will be approximately $4.0 million. Delphi plans to retain the remaining properties and maximize their value through exploitation or a future divestiture.

FINANCIAL REVIEW

Funds from operations for the second quarter of 2006 were $14.5 million ($0.26 per share), an increase of 82 percent over the prior year and an increase of 17 percent from $12.4 million in the first quarter of 2006. Cash flow netbacks were $27.22 per boe, an increase of 31 percent compared to the second quarter of 2005 and virtually unchanged from the first quarter of 2006. Maintaining the cash flow netback despite significantly lower natural gas prices in the second quarter resulted primarily from Delphi's risk management program and a significant reduction in royalty costs as the Company received a gas cost allowance credit offsetting Crown royalties for capital incurred on natural gas infrastructure in the prior year. Delphi's field cost structure remained stable through the second quarter of 2006. Net earnings for the second quarter of 2006 were $4.8 million ($0.09 per share) compared to $1.0 million ($0.02 per share) in the same quarter of 2005. During the quarter, Delphi closed a private placement of 5,209,000 flow-through common shares for gross proceeds of $25 million. .

Delphi invested $44.3 million into its capital program in the second quarter of 2006, incurring 64 percent of the expenditures at Bigfoot. The capital program was funded by cash flow from operations, bank debt and the disposition of non-core properties. During the quarter, the Company received proceeds on the disposition of several non-core properties of $15.7 million, representing production of approximately 150 boe/d. The proceeds were used to pay down bank debt. The Company expects to fund its remaining 2006 capital program through cash flow from operations.

At June 30, 2006, outstanding bank debt was $90.0 million with a working capital deficiency of $29.9 million, including accrued liabilities of $16.7 million, for a total debt plus working capital deficiency of $119.9 million. The Company's lenders have finalized their annual credit review based upon the December 31, 2005 engineering report, with the revolving facility increased to $115.0 million and becoming a 364 day committed revolving facility with a one-year term out provision. With the majority of the Company's capital expenditure commitment at Bigfoot incurred by the end of the second quarter, the Company's development facility was reduced from $30.0 million to $10.0 million. Based on annualized second quarter cash flow, Delphi's debt to cash flow ratio at June 30, 2006 is 2.1:1. As was the case in 2005, the Company's debt to cash flow ratio peaked at the end of the first quarter and is expected to continue to decrease throughout the remainder of the year as the capital program going forward is less than projected cash flow.

The Company maintains an active risk management program as an integral part of its overall financial strategy to mitigate cash flow volatility resulting from fluctuating commodity prices. As additional natural gas volumes have been brought on-stream, the Company has executed additional physical natural gas forward contracts for the summer contract period of 2006, the winter contract period of 2006/2007 and has begun entering into forward contracts for the summer of 2007 and winter 2007/2008. Delphi's risk management program consists of both fixed price contracts as well as costless collars, which provide both downside protection and the opportunity to share in the upside if market prices move above the floor price. Approximately 40 percent of production is hedged at a floor price of Cdn. $8.73 per thousand cubic feet for the summer contract period of 2006 and at a floor price of Cdn. $9.84 per thousand cubic feet for the winter contract period of 2006/2007.

OUTLOOK

The capital program for the second half of 2006 is anticipated to be $20 million to $30 million, largely dependent on the natural gas price environment through the remainder of the year. The current weakness in natural gas prices is viewed as short term by the Company and has been partially mitigated by hedging approximately 40 percent of natural gas production at an average floor price of approximately Cdn. $9.10 per thousand cubic feet for the remainder of 2006. This near-term natural gas price weakness and volatility presents a challenging environment with the continued inflated cost of both drilling and oilfield services. The Company is preparing for a significant increase in activity for the 2006/07 winter program in anticipation of a sustained recovery of natural gas prices.

Delphi's production guidance for 2006 remains unchanged at approximately 6,000 boe/d, weighted 82 percent towards natural gas.

The Company 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. Delphi is well positioned for long-term sustainable growth with an inventory of drilling opportunities in excess of five years.

Delphi's complete second quarter 2006 financial statements and management's discussion and analysis are available on Delphi's website at www.delphienergy.ca and will be available on SEDAR at www.sedar.com within 24 hours.

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

FOR FURTHER INFORMATION PLEASE CONTACT:

DELPHI ENERGY CORP.
1500, 444 – 5 Avenue S.W.
Calgary, Alberta
T2P 2T8

Telephone: (403) 265-6171
Facsimile: (403) 265-6207
Email: info@delphienergy.ca
Website: www.delphienergy.ca

DAVID J. REID
President & CEO

BRIAN KOHLHAMMER
V.P. Finance & CFO

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.

Funds from operations are calculated as net earnings plus the addback on non-cash items (depletion, depreciation and amortization, stock-based compensation, future income taxes and unrealized (gain)/loss on risk management activities) and exclude the change in non-cash working capital related to operating activities and expenditures on site restoration and reclamation.

Operating netbacks are calculated as the net revenue received per unit of production after deducting royalties, operating expenses and transportation expenses. Cash netbacks are determined from operating netbacks less general and administrative expenses, interest expense and cash taxes.