



DELPHI ENERGY TO ACQUIRE FAIRMOUNT ENERGY

CALGARY, ALBERTA – August 21, 2009 - Delphi Energy Corp. ("Delphi") (TSX: DEE) and Fairmount Energy Inc. ("Fairmount") (TSX-V: FMT) are pleased to announce that they have entered into an acquisition agreement (the "Acquisition Agreement") pursuant to which Delphi has agreed, subject to the terms of the Acquisition Agreement, to make an offer to acquire all of the outstanding common shares of Fairmount (the "Offer") on the basis of 0.3571 of a common share of Delphi for each common share of Fairmount. The total consideration paid by Delphi for Fairmount is approximately \$14.5 million, including the assumption of approximately \$7.3 million of net debt and transaction costs of approximately \$1.4 million.

The Offer will be made pursuant to a take-over bid and will be conditional on not less than 66 2/3% of the outstanding Fairmount common shares (calculated on a fully-diluted basis) being tendered to the Offer and will be subject to other customary conditions. Fairmount has approximately 16.3 million common shares outstanding. The take-over bid circular is expected to be mailed to Fairmount shareholders on or about August 28, 2009 and will expire 35 days thereafter.

All of the directors and senior officers of Fairmount (holding approximately 23.43% of the issued and outstanding common shares of Fairmount on a diluted basis), have entered into lock-up agreements with Delphi pursuant to which they have agreed to tender their common shares to the Offer.

Transaction Highlights

The acquisition of Fairmount is a strategic addition to the natural gas and infrastructure asset acquisition announced on August 4, 2009 by Delphi, adding to its focus area of North West Alberta. With the Fairmount acquisition, Delphi furthers its position as one of the leading junior producers in this attractive, multi-zone resource region. The acquisition of Fairmount provides several benefits to Delphi shareholders:

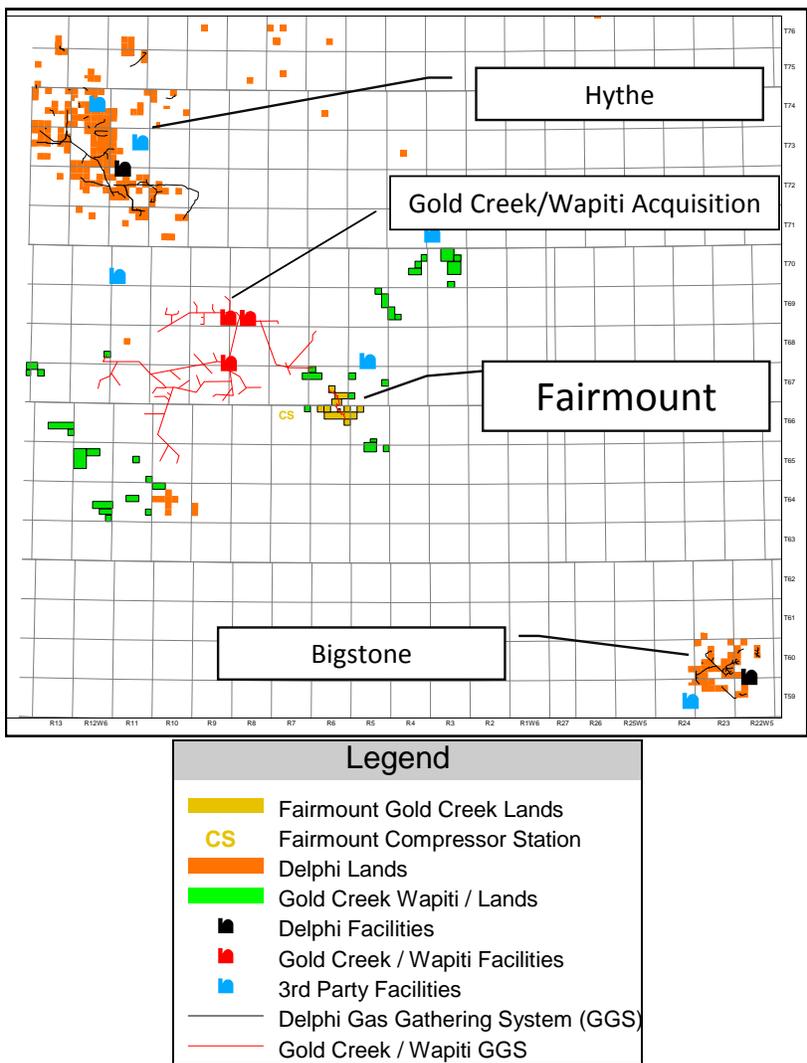
- ✦ The acquisition of proved reserves of 872,000 barrels of oil equivalent (boe) and proved plus probable reserves of 1,596,000 boe, effective March 31, 2009, in accordance with NI 51-101, as estimated by GLJ Petroleum Consultants Ltd.;
- ✦ Incremental liquids-rich natural gas production of 330 boe/d and productive capacity of 400 boe/d;
- ✦ Attractive reserves and production acquisition costs as follows:

	Adjusted Acquisition Metrics ¹
Proved Reserves	\$14.49 per boe
Proved Plus Probable Reserves	\$7.92 per boe
Production - current	\$38,300 per boe/d
Production - capability	\$31,600 per boe/d

¹ Adjusted for undeveloped land value of \$1.9 million, calculated as \$110 per acre on 17,300 net acres of undeveloped land.

- ✦ Increased inventory of growth opportunities between Hythe and Bigstone areas including Nikanassin resource potential;
- ✦ Reduced operating and processing costs; and
- ✦ Annual general and administrative savings of approximately \$1.0 million.

Upon closing on August 31, 2009 of the previously announced property acquisition of Gold Creek/Wapiti assets, Delphi will own working interests in the infrastructure required to transport and process Fairmount's current and shut-in production, providing the opportunity to increase production to approximately 400 boe/d, with the infrastructure capacity to provide further growth on Fairmount lands.



Shareholders of Fairmount are expected to benefit from the transaction through the ability of Delphi to transport and process Gold Creek production through equity-owned facilities and infrastructure and an opportunity to participate in a larger oil and natural gas company providing greater liquidity for Fairmount shareholders.

The Offer has the unanimous support of the boards of directors of both Delphi and Fairmount. Fairmount's board of directors, after consulting with its financial and legal advisors, has unanimously determined that the Offer is fair, from a financial point of view, to the holders of Fairmount common shares and is in the best interests of Fairmount and has determined to recommend acceptance of the Offer by holders of Fairmount common shares. Peters & Co. Limited, the financial advisor to Fairmount's board of directors, has provided a verbal opinion that the consideration to be received by the holders of Fairmount common shares under the Offer is fair, from a financial point of view, to such holders.

The board of directors of Fairmount has agreed that it will not solicit, assist, initiate, knowingly encourage or otherwise facilitate any negotiations or discussions with any third party concerning the sale of Fairmount. Fairmount has agreed, under certain circumstances, to pay to Delphi a termination fee of \$400,000. Delphi also has the right to match any unsolicited offer or proposal that Fairmount may receive.

Peters & Co. Limited is acting as financial advisor and Macleod Dixon LLP is acting as legal counsel to the board of directors of Fairmount with RBC Capital Markets acting as financial advisor and Osler, Hoskin & Harcourt LLP acting as legal counsel to Delphi.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States or any other jurisdiction outside of Canada, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The common shares of Delphi have not been, and will not be, registered under the U.S. Securities Act of 1933 Act, or any state securities laws, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act of 1933 Act and applicable state securities laws.

About Delphi:

Delphi 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.

About Fairmount:

Fairmount is a junior oil and natural gas exploration, development and production company with oil and gas properties located in Alberta, Canada.

Conference Call

A conference call is scheduled for 9:30 a.m. Mountain Time (11:30 a.m. Eastern Time) on Friday, August 21, 2009. The conference call number is 800-565-0813 or 416-695-6616. A brief presentation by David Reid, President and CEO and Brian Kohlhammer, VP Finance & CFO will be followed by a question and answer period.

If you are unable to participate in the conference call, a taped broadcast will be available until August 28, 2009. To access the replay, dial 800-408-3053 or 416-695-5800. The passcode is 7086317. An audio version will also be available on Delphi's website at www.delphienergy.ca.

FOR FURTHER INFORMATION PLEASE CONTACT:

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The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

Forward Looking Information

This news release contains forward looking information relating to the making and completion of the Offer, the anticipated timing of certain actions related to the Offer, the suitability of the Offer for shareholders of Fairmount and the anticipated benefits of the transaction to the companies and their shareholders. Forward looking information is based on, the terms of the acquisition agreement, the current business and investment climate of the oil and gas business, the current business projections of the management of both Delphi and Fairmount and the advice of the companies' legal and financial

advisors. Forward-looking information involves significant known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks and uncertainties include, but are not limited to: uncertainty as to the satisfaction of, or waiver by Delphi of, all of the conditions to the Offer and the non-occurrence of a material adverse change to the financial condition, business or results of operations of Fairmount which may occur as a result of the realization of (among other things): risks associated with the oil and gas industry (e.g., 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, costs and expenses, health, safety, litigation and environmental risks and the risks inherent in the estimation of reserves); the risk of commodity price and foreign exchange rate fluctuations. In addition, the current financial crisis has resulted in severe economic uncertainty and resulting volatility and, at times, illiquidity in credit and capital markets which increases the risk that actual results will vary from the forward looking expectations in this press release and that these variations may be material. Readers are cautioned that there can be no assurance that the Offer will be completed as proposed or at all. Although the companies believe that the expectations in such forward-looking information are reasonable, there can be no assurance that such expectations shall prove to be correct. The forward-looking information included in this press release is expressly qualified in their entirety by this cautionary statement. The forward-looking information included in this press release is made as of the date hereof and the companies assume no obligation to update or revise any forward-looking information to reflect new events or circumstances, except as required by law.