

## DELPHI ENERGY ANNOUNCES CLOSING OF DISPOSITION OF WAPITI ASSETS

CALGARY, ALBERTA – July 22, 2015 – Delphi Energy Corp. (“Delphi” or the “Company”) is pleased to report that it has closed the previously announced disposition of its working interests in producing properties, facilities and infrastructure and undeveloped land in the greater Wapiti area for \$50.0 million, after closing adjustments.

The Company’s growth over the past three years has been achieved through successful drilling and completions on its Bigstone Montney assets which continue to generate positive economic returns in the current commodity price environment. The disposition of the greater Wapiti assets is a key part of this strategy providing greater focus, efficiencies and capital for the continued development of the Montney assets. The total disposition proceeds realized since 2011 total \$104.6 million. The Bigstone Montney asset now represents approximately 75 percent of Delphi’s production up from less than ten percent just three years ago.

### Disposition

Details of the divested assets are as follows:

- Production for the month of June of approximately 1,190 barrels of oil equivalent per day (“boe/d”) consisting of approximately 5.0 million cubic feet per day of natural gas and 362 bbls/d of natural gas liquids (40 percent ethane).
- Total land in the greater Wapiti area of 31,277 net acres, inclusive of 19,377 net acres of undeveloped land, with 94 gross wells at an average working interest of 50.8 percent.

### Credit Facilities

The Company has total credit capacity of \$189.0 million with total debt outstanding of approximately \$122.0 million resulting in 35 percent of credit capacity being available.

As a result of the disposition, Delphi’s senior lenders (National Bank of Canada, Bank of Nova Scotia and Alberta Treasury Branches) have completed a review of the Company’s senior credit facility resulting in a facility of \$175.0 million, consisting of a revolving credit facility of \$170.0 million and an operating facility of \$5.0 million, with borrowings in excess of \$140.0 million subject to consent of the lenders.

The majority of the proceeds from the disposition have been applied to the Company’s bank indebtedness with a repayment of \$44.0 million. The senior credit facility has approximately \$108.0 million outstanding after this repayment.

The terms of the subordinated debt remain unchanged, after a repayment of \$6.0 million, other than the subordinated debt facility being reduced from \$20.0 million to \$14.0 million, the current outstanding amount.

### Operations

The Company resumed its 2015 drilling program in late June with the spud of the 13-24-60-23W5 (“13-24”) horizontal Montney well at East Bigstone. Commensurate with a drilling program objective that minimizes capital to bring on production, the surface location of 13-24 and the next wells to be drilled are proximal to existing gathering infrastructure. These infill drilling locations are consistent with the Company’s strategy to minimize capital costs while targeting the most efficient production and proved developed producing reserves.

Completion operations have commenced at the Company's 16-24-60-23W5 ("16-24") well that was drilled in the first quarter of 2015. The 16-24 well was drilled to a total depth of 5,749 metres with a horizontal lateral length of 2,802 metres in which a 40 stage frac liner was installed. With minimal pipeline tie-in requirements, the Company expects the 16-24 well to be brought on production in August 2015.

Delphi continues to pursue operating efficiency gains and operating cost reductions in the field. The Company has commenced facility procurement for the previously announced water disposal well that was acquired in the greater Bigstone area for the handling of its produced water and completion flow-back water. After equipping of the water disposal well with the required injection facilities, Delphi expects disposal of its produced and completion water to commence in the fourth quarter of 2015. Avoiding water disposal costs through third parties will result in further reductions to both operating costs on all of the Company's Bigstone Montney production and capital costs on Delphi's completion operations for its future Montney development wells.

The Company has 14 wells which have been drilled with an average horizontal length of 2,500 to 3,000 metres and fracked with 30 to 40 stages utilizing the Company's slickwater hybrid frac technique. All the wells now have IP30 day production performance data with seven wells having produced for at least a year providing IP365 well performance data. The seven wells have an average IP365 total sales rate of 877 boe/d with two wells averaging over 1,100 boe/d each in their first 365 days of production. The strong production performance at 365 days and greater results in shorter periods to payback, enhances the ability to grow Montney production on an absolute basis and contributes to significant value of the asset.

Initial Production (IP) Rate Well Performance <sup>(1)</sup>					
	IP30 Total Sales (boe/d)	IP30 Field Condensate Rate (bbls/d)	IP30 Total NGL Yield (bbls/mmcf)	IP180 Total Sales (boe/d)	IP365 Total Sales (boe/d)
Type Well	1,629	449	119	1,083	843
Slickwater Hybrid Frac Wells	1,471	434	128	1,000	877

(1) Average production calculated on operating days, excludes non-producing days. Includes estimated NGL gas plant recoveries.

## Risk Management

Delphi continues to maintain a strong risk management program for both its natural gas and natural gas liquids production. With the decrease in the Canadian dollar relative to the US dollar over the past six months, Delphi has been contracting the forward rate of the US/Cdn foreign exchange rate for its future US natural gas revenue. On average Delphi has undertaken forward rate contracts on approximately 45 percent of its future revenue from US natural gas commodity contracts at an average foreign exchange rate of US/Cdn \$1.245. The table below summarizes the Company's current commodity price and foreign exchange risk management contracts.

Natural Gas (Cdn)	2H 2015	2016	2017	
Volume (mmcf/d)	31.9	10.9	2.4	
% Hedged <sup>(1)</sup>	84%	29%	6%	
Fixed Price (Cdn \$/mcf)	3.62	\$3.68	\$3.96	
Natural Gas (US)	2H 2015	2016	2017	2018
Volume (mmcf/d)	7.5	20.0	15.0	10.0
% Hedged <sup>(1)</sup>	20%	53%	39%	26%
Fixed Price (US \$/mcf)	3.02	\$3.61	\$3.66	\$3.56
% US Revenue Hedged	87%	62%	26%	23%
US/Cdn FX Hedge Rate	\$1.233	\$1.242	\$1.254	\$1.257

Condensate (Cdn)	2H 2015	2016	2017	2018
Volume (bbls/d)	1,220	800	800	800
% Hedged <sup>(1)</sup>	71%	46%	46%	46%
Floor Price (WTI Cdn \$/bbl)	\$80.00	\$78.50	\$78.50	\$78.50
Ceiling Price (WTI Cdn \$/bbl) <sup>(2)</sup>	-	\$85.00	\$85.00	\$85.00

(1) Percent hedged is based on average natural gas production of 38 mmcf/d and 1,730 bbls/d of condensate and C5+.

(2) 400 bbls/d have upside to a ceiling price of \$85.00 per barrel at a deferred cost of \$4.02 per barrel.

## 2015 Guidance

The Company remains committed to a conservative approach to its capital spending plans in 2015 to preserve financial flexibility. Capital spending for the second half of 2015 remains dependent upon realized commodity prices and level of service cost reductions. Maintenance capital requirements to keep production relatively flat for the entire year are forecast to be approximately \$45.0 - \$50.0 million, approximately forecast cash flow generated, including the Company's risk management program. While mitigation efforts by the Company are ongoing, downtime due to TCPL maintenance and pipeline inspections are expected to continue through the rest of the year. To allow for the disposition of the greater Wapiti area and additional downtime until Delphi's firm transportation service starts with Alliance Pipeline on December 1, 2015, the Company has revised the range of its 2015 production expectations to 9,800 to 10,200 boe/d.

	Previous 2015 Guidance	2015 Guidance Post Wapiti Disposition
Average Annual Production (boe/d)	10,500 – 11,500	9,800 – 10,200
Exit Production Rate (boe/d)	11,000 – 11,500	10,000 – 11,000
AECO Natural Gas Price (Cdn \$ per mcf)	\$2.50	\$2.75
WTI Oil Price (US \$ per bbl)	\$55.00	\$54.00
Natural Gas Liquids Price (Cdn \$ per bbl)	30.19	22.30
Foreign Exchange Rate (US/Cdn)	1.25	1.26
Well Count	4.0 gross	4.0 – 5.0 gross
Net Capital Program (\$ million)	\$45.0 - \$50.0	(\$4.0) - \$4.0
Funds from Operations (\$ million)	\$45.0 - \$50.0	\$40.0 – \$43.0
Net Debt at December 31 (\$ million)	\$170.0 - \$175.0	\$127.0 - \$132.0
Net Debt / Q4 FFO (annualized)	3.3 – 3.5	2.7 – 2.9

## Outlook

Delphi remains focused on its large-scale Montney project at Bigstone where it holds 138.5 gross sections of land. The Wapiti disposition has provided increased financial flexibility, reducing bank debt by almost 30 percent and decreasing the Company's forecast ratio of net debt to fourth quarter 2015 cash flow by almost 20 percent to 2.7 – 2.9 from 3.3 – 3.5 times. The marketing process to sell the Company's remaining significant non-core assets at Hythe continues. There is no definitive timeline as to if or when a transaction may be completed. Given the uncertainties of the current environment, capital spending is expected to remain within the context of cash flow generated. With an early start to the second half drilling program, the Company has the operational and financial flexibility to increase the drilling program later in 2015.

## Conference Call and Webcast

Delphi will release Q2 2015 earnings results on August 10, 2015. A conference call will be held at 9:00 a.m. Mountain Time (11:00 a.m. Eastern Time) on Tuesday, August 11, 2015. The conference call number is 1-800-396-7098 or 416-340-8527. A brief presentation by David Reid, President & CEO and Brian Kohlhammer, Senior VP Finance & CFO, will be followed by a question and answer period. The conference call will also be broadcast live on the internet and may be accessed through the Delphi Energy website at [www.delphienergy.ca](http://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.*

**FOR FURTHER INFORMATION PLEASE CONTACT:**

**DELPHI ENERGY CORP.**

300, 500 – 4 Avenue S.W.

Calgary, Alberta

T2P 2V6

Telephone: (403) 265-6171 Facsimile: (403) 265-6207

Email: [info@delphienergy.ca](mailto:info@delphienergy.ca) Website: [www.delphienergy.ca](http://www.delphienergy.ca)

**DAVID J. REID**  
President & CEO

**BRIAN P. KOHLHAMMER**  
Senior V.P. Finance & CFO

**Forward-Looking Statements.** *The release contains forward-looking statements and forward-looking information within the meaning of applicable Canadian securities laws. These statements relate to future events or the Company's future performance and are based upon the Company's internal assumptions and expectations. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "should", "believe", "intends", "forecast", "plans", "guidance", "budget" and similar expressions.*

*More particularly and without limitation, this release contains forward-looking statements and information relating to petroleum and natural gas production estimates and weighting, projected crude oil and natural gas prices, future exchange rates, expectations as to royalty rates, expectations as to transportation and operating costs, expectations as to general and administrative costs and interest expense, expectations as to capital expenditures and net debt, planned capital spending, future liquidity and Delphi's ability to fund ongoing capital requirements through operating cash flows and its credit facilities, supply and demand fundamentals for oil and gas commodities, timing and success of development and exploitation activities, cash availability for the financing of capital expenditures, access to third-party infrastructure, treatment under governmental regulatory regimes and tax laws and future environmental regulations.*

*Furthermore, statements relating to "reserves" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitable in the future.*

*The forward-looking statements and information contained in this release are based on certain key expectations and assumptions made by Delphi. The following are certain material assumptions on which the forward-looking statements and information contained in this release are based: the stability of the global and national economic environment, the stability of and commercial acceptability of tax, royalty and regulatory regimes applicable to Delphi, exploitation and development activities being consistent with management's expectations, production levels of Delphi being consistent with management's expectations, the absence of significant project delays, the stability of oil and gas prices, the absence of significant fluctuations in foreign exchange rates and interest rates, the stability of costs of oil and gas development and production in Western Canada, including operating costs, the timing and size of development plans and capital expenditures, availability of third party infrastructure for transportation, processing or marketing of oil and natural gas volumes, prices and availability of oilfield services and equipment being consistent with management's expectations, the availability of, and competition for, among other things, pipeline capacity, skilled personnel and drilling and related services and equipment, results of development and exploitation activities that are consistent with management's expectations, weather affecting Delphi's ability to develop and produce as expected, contracted parties providing goods and services on the agreed timeframes, Delphi's ability to manage environmental risks and hazards and the cost of complying with environmental regulations, the accuracy of operating cost estimates, the accurate estimation of oil and gas reserves, future exploitation, development and production results and Delphi's ability to market oil and natural gas successfully to current and new customers. Additionally, estimates as to expected average annual production rates assume that no unexpected outages occur in the infrastructure that the Company relies on to produce its wells, that existing wells continue to meet production expectations and any future wells scheduled to come on in the coming year meet timing and production expectations.*

*Commodity prices used in the determination of forecast revenues are based upon general economic conditions, commodity supply and demand forecasts and publicly available price forecasts. The Company continually monitors its forecast assumptions to ensure the stakeholders are informed of material variances from previously communicated expectations.*

*Financial outlook information contained in this release about prospective results of operations, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this release should not be used for purposes other than for which it is disclosed.*

*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 and such forward-looking statements should not be unduly relied upon. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent known and unknown risks and uncertainties. Delphi's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Delphi will derive therefrom. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary 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 from others for scarce resources, the ability to access sufficient capital from internal and external sources, changes in governmental regulation of the oil and gas industry 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 the Company's most recent Annual Information Form and other reports on file with the applicable securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)).

Readers are cautioned that the foregoing list of factors is not exhaustive. Furthermore, the forward-looking statements contained in this release are made as of the date of this release 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. The forward-looking statements contained in this release are expressly qualified in their entirety by this cautionary statement.

**Basis of Presentation.** For the purpose of reporting production information, reserves and calculating unit prices and costs, natural gas volumes have been converted to a barrel of oil equivalent (boe) using six thousand cubic feet equal to one barrel. A boe conversion ratio of 6:1 is based upon an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. This conversion conforms with the Canadian Securities Administrators' National Instrument 51-101 when boes are disclosed. Boes may be misleading, particularly if used in isolation.

As per CSA Staff Notice 51-327 initial test results and initial production performance should be considered preliminary data and such data is not necessarily indicative of long-term performance or of ultimate recovery.

**Non-IFRS Measures.** The release contains the terms "funds from operations", "funds from operations per share", "net debt", "net debt to funds from operations ratio", "operating netbacks", "cash netbacks" and "netbacks" which are not recognized measures under IFRS. The Company uses these measures to help evaluate its performance. Management considers netbacks an important measure as it demonstrates its profitability relative to current commodity prices and costs of production. Management uses funds from operations to analyze performance and considers it a key measure as it demonstrates the Company's ability to generate the cash necessary to fund future capital investments and to repay debt. Funds from operations is a non-IFRS measure and has been defined by the Company as cash flow from operating activities before accretion on long term and subordinated debt, decommissioning expenditures and changes in non-cash working capital from operating activities. The Company also presents funds from operations per share whereby amounts per share are calculated using weighted average shares outstanding consistent with the calculation of earnings per share. Delphi's determination of funds from operations may not be comparable to that reported by other companies nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS. The Company has defined net debt as the sum of long term debt and subordinated debt plus/minus working capital excluding the current portion of the fair value of financial instruments. Net debt is used by management to monitor remaining availability under its credit facilities. Net debt to funds from operations ratio is defined as net debt to annualized quarterly funds from operations, based on the most recently completed quarter. This ratio is used to calculate the Company's compliance with its net debt to funds from operations ratio covenant. Operating netbacks have been defined as revenue less royalties, transportation and operating costs. Cash netbacks have been defined as operating netbacks less interest and general and administrative costs. Netbacks are generally discussed and presented on a per boe basis.

For the calculation of finding, development and acquisition costs, recycle ratio and net asset value per share, refer to the Company's press release of crude oil and natural gas reserves information dated February 25, 2015.