

## DELPHI ENERGY PROVIDES UPDATE

CALGARY, ALBERTA – December 29, 2015 – Delphi Energy Corp. (“Delphi” or the “Company”) provides the following update.

Delphi is now singularly focused on its Bigstone assets where it holds 139.5 gross sections (118.1 net) of Montney rights and 81.5 gross sections (60.0 net) of contiguous shallow Cretaceous rights. The Bigstone Montney now represents 87 percent of corporate production.

While the oil and gas industry remains in a very challenging environment, Delphi’s accomplishments during 2015 have transformed the Company, positioning it to successfully navigate through this prolonged low commodity price environment. Several of these accomplishments include:

- Achievement of the Company’s 2015 annual and exit production guidance;
- Successful drilling of six extended-reach Montney horizontal wells in Bigstone reducing the number of days from spud to total depth from 32 days to 28 days;
- Reducing drilling and completion costs from \$10.2 million in the first quarter of 2015, to a Company record low of \$6.5 million in the fourth quarter of 2015 through innovative design changes, improved efficiencies and lower cost of services;
- Closed on the disposition of its non-core lower netback assets at Wapiti and Hythe, Alberta for total gross proceeds of \$62 million; and
- Reduced net debt by 33 percent to an expected \$122 -124 million at the end of the year, from a high of approximately \$181 million at the end of the first quarter, with an expected net debt to annualized fourth quarter funds from operations ratio of approximately 2.6 – 2.8.

### Operations Update

The Company’s fifth well of the 2015 program, located at 14-24-60-23W5 (0.83 net), commenced production in late December. Delphi has also completed the drilling of its sixth horizontal Montney well of 2015 at 14-27-60-23W5. Completion operations, utilizing the Company’s newly optimized slickwater frac design over a 37 stage liner, are scheduled to commence in January 2016. The first well of Delphi’s 2016 capital program in the Montney formation at 13-21-60-23W5 (“13-21”) in the Bigstone area has commenced drilling. The 13-21 well is the first of two wells expected to be drilled in Bigstone this winter.

On December 1, 2015, the Company began transporting most of its natural gas under its Alliance full path firm service agreement, eliminating exposure to production curtailments and Alberta based natural gas price weakness.

Delphi estimates \$6.0 - \$7.0 million in reduced operating costs in 2016 over 2015, as the more efficient Montney production replaces the lower netback properties disposed of in 2015. In addition, with the disposition of the lower netback properties, the Company has reduced its staff from 36 to 24 (34 percent), resulting in expected general and administrative savings of \$2.0 - \$2.5 million.

Reduced capital costs and lower operating costs, combined with a superior asset has enabled the Company to continue to deploy capital to its Montney play with a high return on investment.

## Risk Management

With crude oil and natural gas prices below U.S. \$40.00 per barrel and U.S. \$2.05 per million British thermal units (“mmbtu”), respectively, a strong risk management program heading into 2016 will be critical to ensuring a reasonable level of cash flow to support the Company’s capital program. Delphi remains well hedged through 2016 and into 2017 with most of its natural gas hedge position focused on the Chicago market rather than AECO market. The Company has approximately 82 percent of its natural gas volumes fixed at a price of \$4.38 per mcf (excluding transportation costs) for 2016 and approximately 53 percent of its condensate volumes hedged at a floor price of \$79.12 per barrel. The table below summarizes the Company’s current commodity price risk management contracts.

Natural Gas (Cdn)	Dec 2015	2016	2017
Volume (mmcf/d)	4.7	2.8	2.4
% Hedged <sup>(1)</sup>	15%	9%	8%
Fixed Price (Cdn \$/mcf)	\$3.95	\$3.84	\$3.96
Dec 23 Strip Price (Cdn \$/mcf)	-	\$2.34	\$2.81
Natural Gas (US)	Dec 2015	2016	2017
Volume (mmcf/d)	22.5	23.5	7.5
% Hedged <sup>(1)</sup>	70%	73%	23%
Fixed Price (US \$/mmbtu)	\$3.34	\$3.50	\$3.66
Dec 23 Strip Price (US \$/mmbtu)	-	\$2.28	\$2.72
% US Revenue Hedged	59%	83%	136%
US/Cdn FX Hedge Rate	\$1.242	\$1.263	\$1.284
Condensate (Cdn)	Dec 2015	2016	
Volume (bbls/d)	1,220	800	
% Hedged <sup>(1)</sup>	81%	53%	
Floor Price (WTI Cdn \$/bbl)	\$80.00	\$78.50	
Ceiling Price (WTI Cdn \$/bbl) <sup>(2)</sup>	-	\$85.00	
Dec 23 Strip Price (WTI Cdn \$/bbl)	-	\$56.94	
Total	Dec 2015	2016	2017
Volume hedged <sup>(1)</sup>	84%	76%	24%

<sup>(1)</sup> Percent hedged is based on average natural gas production of 32 mmcf/d and 1,500 bbls/d of condensate and C5+.

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

## Grant of Incentive Stock Options

The Board of Directors of the Company has approved the granting of incentive stock options (“Options”) under its stock option plan (“Plan”) to its directors and officers to acquire up to an aggregate of 1,330,000 common shares (“Common Shares”) of the Company and the granting of Options to its employees to acquire up to an aggregate of 920,000 Common Shares.

The new grants, totaling 2,250,000 options, to acquire common shares to eligible participants under the Plan, were granted effective December 24, 2015 with an exercise price equal to the volume-weighted average trading price of the Company’s common shares on the Toronto Stock Exchange over the five days preceding that date, being \$0.81 per share. The Options are exercisable for a period of five years and will vest as to one-third on each of the first three anniversaries of the effective date.

In connection with Tony Angelidis, the Company’s Senior VP of Exploration leaving the Company at the end of the year, Delphi also announces that Mr. Angelidis has resigned from the Company’s Board of Directors effective December 30, 2015. The Board thanks Mr. Angelidis for his contribution and wishes him well in his future endeavours.

## Outlook

Delphi continues to navigate this very challenging lower commodity price environment with a singular focus on its core Bigstone Montney asset, complemented with the significant strategic non-core dispositions undertaken in 2015. This focused effort is successfully improving well productivity, driving down capital costs, grinding operating costs lower, alleviating TCPL transportation issues and creating greater financial flexibility. All of these successes are contributing to a sustainable economic business, even in a “lower for longer” commodity price environment.

The Company remains committed to a conservative approach to its capital spending plans into 2016 to preserve financial flexibility. Capital spending remains dependent upon realized commodity prices and the level of service cost reductions. Delphi expects to communicate 2016 guidance early in the first quarter of 2016.

On behalf of the Board of Directors and all the employees of Delphi, we would like to thank our shareholders for their continued support.

*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:

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**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.