

DELPHI ENERGY ANNOUNCES BANKING UPDATE

CALGARY, ALBERTA – May 27, 2016 – Delphi Energy Corp. (“**Delphi**” or the “**Company**”) reports an extension to its annual borrowing base review with its senior lenders.

Delphi and the lenders under its senior credit facility entered into an amending agreement dated May 27, 2016, which, among other things, reduced the aggregate availability of such facility from \$132.5 million to \$115 million, consisting of a \$105 million extendable revolving term credit facility and a \$10 million operating credit facility (the “**Senior Credit Facility**”). Pursuant to the terms of the amending agreement, the lenders have consented to a financing, the issuance and the significant terms and conditions of the financing and an extension of the redetermination and review date of the Senior Credit Facility to June 30, 2016, at which time the Company expects the borrowing base will be reduced to \$85 million. In addition, the subordinated lenders have agreed to an extension of the maturity date of the subordinated debt (“**Subordinated Third Party Credit Facility**”) to August 31, 2016. If the previously announced offering of Delphi is not completed, an event of default will be triggered under the Senior Credit Facility. For details regarding the Company’s previously announced unit offering of secured notes and warrants please refer to the press release dated May 27, 2016.

The net proceeds of the previously announced offering will be used to permanently repay in full the Company’s Subordinated Third Party Credit Facility of approximately \$14.1 million and the balance thereafter will be used to reduce the outstanding principal under the revolving facility of the Senior Credit Facility.

The previously announced offering is part of the Company’s financial strategy to target total debt capitalization capacity of \$125 - \$135 million and will form a core piece of the Company’s debt capitalization allowing a reduction of the revolving bank indebtedness. The Company’s total debt capacity is supportable in the current pricing environment by the nature of the Company’s Montney asset base, consistent operational and financial results and a proven hedging strategy. The Company has managed its capital structure over the past four years without dilution to its equity holders and reduced its total debt by 30 percent over the past 12 months through a successful disposition program of non-core assets. The Company continues to pursue disposition and other strategic opportunities to further enhance its growth efforts within its Bigstone Montney core asset, while providing increased financial flexibility.

This news release does not constitute an offer to sell or a solicitation of any offer to buy the securities in the United States. The securities offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended and will not be offered or sold in the United States absent an exemption from the registration requirements thereof.

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.

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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 concerning use of proceeds from the previously announced offering, the Company’s strategy to target total debt capitalization, the sustainability of the Company’s total debt capacity in the current pricing environment, the Company’s pursuit of disposition and other strategic opportunities, payout of the Subordinated Third Party Credit Facility and payment of a portion of the outstanding indebtedness under the Senior Credit Facility.

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.

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).

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.