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DELPHI ENERGY CORP. ANNOUNCES 2017 BUDGET AND DEVELOPMENT PLAN TO SIGNIFICANTLY ACCELERATE DRILLING ACTIVITY AND PRODUCTION GROWTH

CALGARY, ALBERTA – January 11, 2017 – **Delphi Energy Corp. (TSX: DEE)** ("**Delphi**" or the "**Company**") is pleased to announce that the Company's Board of Directors has approved the 2017 capital and operating budget following the closing of the previously announced $50.0 million Bigstone Montney Transaction (the "Transaction") and the announcement of a new $80.0 million senior secured credit facility with Alberta Treasury Branches, as syndicate lead, which also includes the Bank of Nova Scotia.

Delphi's drilling program in 2017 will more than double as compared to 2016 with the addition of a second drilling rig. The Company's production growth profile through 2017 is largely weighted to the second half of the year, with fourth quarter of 2017 production expected to average approximately 11,000 to 11,500 barrels of oil equivalent per day ("boe/d"), representing approximately 60 percent growth (absolute and per share) over production in the fourth quarter of 2016.

Condensate production is forecast to more than double in the fourth quarter of 2017 as compared to the fourth quarter of 2016, with average production levels increasing to approximately 2,800 barrels per day ("bbls/d").

Fourth quarter 2017 run-rate funds from operations ("FFO") are forecast to increase approximately 145 percent (absolute and per share) to $72.0 to $80.0 million from fourth quarter 2016 levels.

2017 Budget and Development Plan

Delphi's 2017 capital program is forecast to be $65.0 to $70.0 million targeting an increase in annual production of approximately 25 percent (absolute and per share) to 9,000 to 9,500 boe/d. Annual 2017 FFO are forecast to increase approximately 82 percent (absolute and per share) based on an average West Texas Intermediate ("WTI") oil price of US$55.00 per barrel and an average New York Mercantile Exchange ("NYMEX") natural gas price of US$3.25 per million British thermal units ("mmbtu"). As a result, the Company's increasing cash flow is expected to reduce bank debt to annualized fourth quarter 2017 FFO of 0.8 times and total debt to annualized fourth quarter 2017 FFO of 1.5 times. The contemplated 2017 capital program is net of an estimated $10.6 million of carried capital remaining from the total joint drilling commitment of $20.0 million relating to the Transaction.

The 2017 development plan contemplates the drilling of 13 gross (8.4 net) Bigstone Montney horizontal wells and the completion, tie-in and well site equipping of 14 gross (9.0 net) wells. A second rig commenced drilling operations in December 2016 and is expected to remain active throughout our 2017 drilling program, allowing the Company to proceed with pad drilling that will realize further cost savings.

The Company continues to innovate field operations, greatly reducing costs while significantly improving well results. Well stimulation design innovations continue to enhance well productivities, field condensate yields and well economics. Continued Montney drilling to the west at Bigstone is resulting in ultra-rich field condensate yields. Field condensate yields of the most recent wells have increased two to four times compared to the average yields realized from the previous 25 wells. Increased condensate yields of this magnitude on new wells, combined with higher forecast condensate prices in 2017 have the compound result of doubling revenue per boe and increasing unhedged field operating netbacks per barrel of oil equivalent ("boe") by a factor of three times to $30.00 to $35.00 per boe compared to 2016 netbacks.

Cash costs are forecast to decrease by approximately ten to twelve percent over 2016, with a continued focus on cost saving initiatives and significant production growth. Crown royalties are forecast to increase with higher prices largely offset by a decreased percentage of production relating to prior years gross overriding royalties arrangements.

The Company has the required firm service transportation for 100 percent of forecasted 2017 natural gas production growth. The contracted Alliance full path service to Chicago with its incremental priority interruptible service, together with the existing and incremental 2018 contracted firm service on TransCanada Pipeline Limited, will provide the Company with sufficient firm service to handle Delphi's growth plans beyond 2017. Delphi's Bigstone Montney field compression and dehydration facilities are also sufficient for the forecasted growth in 2017.

To efficiently increase future natural gas processing capacity through 2019, the Company is continuing its evaluation to utilize approximately 35 mmcf/d of owned under-utilized sweet gas processing capacity in the greater Bigstone area. Coincident with the Company's plans to pursue richer Montney production to the west, the production also becomes less sour and even turns sweet into the West Bigstone Montney area. Sweetening of sour Montney production would allow for processing at both the Bigstone West gas plant located at 14-28-59-22W5, where the Company owns a 25 percent working interest and at Delphi's 100 percent owned and operated Negus gas plant at 11-3-60-25W5.

Delphi continues to maintain a strong risk management position on both volumes and pricing. The Company believes that reducing commodity price volatility through an active and strategic hedging program both reduces downside cash flow risk while protecting the economics of new capital being deployed. Protecting simple payouts for new wells of approximately one year through a strategic hedging program ensures the ability to effectively reinvest post-payout free cash flow. The Company has approximately 20 million cubic feet per day ("mmcf/d") of its 2017 forecast natural gas production hedged at an average price of CDN$4.21 per mmbtu and approximately 1,000 bbls/d of condensate hedged at an average WTI price of CDN$66.70 per barrel ("bbl").

Natural Gas	Q1/17	Q2 – Q4/17	2018	2019
Percent Hedged *	64%	58%	30%	21%
Hedge Price (CDN $/mmbtu)	$4.21	$4.21	$3.77	$3.89

Crude Oil	Q1/17	Q2 – Q4/17	2018	2019
Percent Hedged *	63%	42%	14%	14%
Floor Price (WTI CDN $/bbl)	$66.78	$66.67	$70.00	$70.00
Ceiling Price (WTI CDN $/bbl)	$66.78	$66.67	$70.00	$70.00

* Based on average 2017 production of 33.5 mmcf/d of natural gas and 2,150 bbls/d of field condensate.

Operational Success Continues

The ongoing drilling and completion operations and continued favorable results meeting or exceeding the Company's expectations are providing validated increased support for the 2017 forecast. The combination of new development moving further to the west on the Company's Bigstone Montney property, along with Delphi's third generation frac design, has resulted in a significant improvement in field condensate to gas rate yields and increasing condensate yield assumptions from 40 barrels per million cubic feet ("bbls/mmcf") to 100 bbls/mmcf over the life of the well.

Completion operations at the Company's 16-9-60-23W5 well ("16-9") (61.8 percent working interest) have concluded and the well was brought on production in the final days of December 2016. 16-9 was drilled to a total depth of 6,034 metres with an extended-reach horizontal lateral in the Montney of 2,855 metres. The well was completed through a 40-stage slickwater frac design with total sand pumped of approximately 11.4 million pounds, with concentrations over 1.8 tonnes per horizontal metre. The well was flowed on clean-up for seven days, recovering approximately 26 percent of the initial load frac water. Over the last 24-hours prior to running production tubing and being brought on production, the well flowed on clean-up at an average rate of 8.5 mmcf/d of raw gas and 1,587 bbls/d of field condensate (215 bbls/mmcf of sales gas). Total sales production for 16-9 over this 24-hour period was approximately 3,104 boe/d, including an estimated plant natural gas liquids ("NGL") yield of 40 bbls/mmcf of sales gas.

The Company has also finished completion operations at 14-21-60-23W5 ("14-21") (59.3 percent working interest). 14-21 is a direct offset to the 13-21-60-23W5 ("13-21") Bigstone Montney well that was brought on production in the first quarter of 2016. Over the first 180 days on production, 13-21 averaged 962 boe/d with a field condensate to sales gas ratio of 166 bbls/mmcf. Similar to 13-21, 14-21 was completed with a slickwater frac design over 40-stages and flowed on clean-up over a 2.5 day period prior to being put on production inline for a 24-hour period. Over the final twelve hours of this 24-hour inline period, 14-21 flowed at an average rate of 5.9 mmcf/d of raw gas and 1,663 bbls/d of field condensate (327 bbls/mmcf of sales gas). Total sales production for 14-21 over this twelve-hour period was approximately 2,711 boe/d, including an estimated plant NGL yield of 40 bbls/mmcf of sales gas.

The Company concluded drilling operations on its sixth well of the 2016 capital program at 16-21-60-23W5 ("16-21") (59.3 percent working interest) in late December 2016. The well was drilled to a total depth of 5,832 metres in 27 days with a horizontal lateral in the Montney of 2,858 metres. A 40-stage frac completion liner was installed with fracturing operations scheduled to commence within the next seven days. 16-21 is expected to be brought on production in February 2017.

Delphi commenced drilling its first well of the 2017 capital program (based on an anticipated rig release date) with a spud in mid-December at 15-8-60-23W5 ("15-8") (65 percent working interest). 15-8 is a follow-up location to 16-9 and is the first well being drilled with the second rig that was brought in to support our 2017 program. Initial results from 16-9 continue to outperform Delphi's expectations as the Company moves westward on its Montney lands at Bigstone. 15-8 will be the western most Bigstone Montney well drilled by Delphi and completed with slickwater fracs to date.

The Company also commenced drilling its second well of the 2017 program in late December at 15-11-60-23W5 ("15-11") (65 percent working interest). 15-11 is a direct offset to the recent 14-11-60-23W5 ("14-11") Bigstone Montney well that was brought on production in mid-September 2016.

2017 Guidance

The following table highlights the major assumptions with respect to Delphi's 2017 full year guidance and includes revised 2016 guidance.

	2017 Full Year Guidance	Updated 2016 Full Year Guidance
NYMEX Natural Gas Price (US $ per mmbtu)	$3.25	$2.45
WTI Oil Price (US $ per bbl)	$55.00	$43.00
Natural Gas Liquids Price (CDN $ per bbl)	$28.00	$20.00
Foreign Exchange Rate (US/Cdn)	1.33	1.33
Gross Capital Program ($ million)	$65.0 - $70.0	$42.0 - $44.0
Gross Well Count Drilled (net)	13 (8.4)	6.0 (4.5)
Gross Well Count On Production (net)	14 (9.0)	6.0 (4.8)

The Company is forecasting significant absolute and per share growth across all measures during 2017, while maintaining balance sheet strength. 2017 guidance is highlighted by a significant increase in drilling activity funded in part by the $20.0 million drilling carry relating to the Transaction, of which approximately $9.4 million was incurred in the fourth quarter of 2016.

The Company has revised 2016 guidance to largely reflect the Transaction coupled with production curtailments and weather delays that all impacted production volumes and capital expenditures in the fourth quarter, as well as year-end debt. Delphi's fourth quarter 2016 production volumes were negatively impacted by approximately 625 boe/d of curtailments, disposition volumes relating to the Transaction and wet weather delaying field operations. Year-end 2016 debt will be approximately twelve percent lower than forecast as a result of the Transaction proceeds.

Delphi exited 2016 producing approximately 8,600 boe/d achieving exit guidance, net of the Transaction disposition of 450 boe/d. After significant wet weather delays, 16-09 and 14-21 came on production late in December, contributing to the exit production rate as forecast but having minimal impact to the fourth quarter average volumes. Delphi's current production capability is on track with its 2017 forecast.

	2017 Full Year Guidance	Updated 2016 Full Year Guidance	Percentage Variance
Average Production (boe/d)	9,000 – 9,500	7,300 – 7,400	26%
Natural Gas (mmcf/d)	32.0 - 35.0	28.0 – 29.0	18%
Field Condensate (bbls/d)	2,100 – 2,200	1,350 – 1,450	54%
NGL's (bbls/d)	1,400 – 1,500	1,100 – 1,200	26%
Percent Liquids (%)	40	35	14%
Production per share (per million shares)	60	47	28%
Exit Production Rate (boe/d)	**11,000 – 12,000**	**8,600**	**34%**
Funds from Operations ("FFO") ($ million)	$52.0 - $57.0	$29.0 - $31.0	82%
Net Debt at December 31 ($ million) (1)	$120.0 - $125.0	$109.0 - $111.0	11%
Total Debt / Q4 FFO (annualized)	1.4 - 1.6	3.6	(58%)
Bank Debt / Q4 FFO (annualized) (2)	0.7 - 0.8	1.6	(53%)

(1) Net debt includes the 5-year senior secured notes at $60 million, not the carrying value per the statement of financial position, and includes outstanding Letters of Credit of $6.6 million and working capital. (2) Bank debt is net debt less the senior secured notes of $60 million.

Operational momentum continues to build throughout 2017, exiting the year with a very strong fourth quarter and setting up for continued growth into 2018 and beyond. As Delphi ramps up an increased level of field activity in 2017, the Company remains focused on our culture of strong capital discipline as demonstrated over the past three years.

	Q4 2017 Forecast	Q4 2016 Forecast	Percentage Variance
Production (boe/d)	**11,000 – 11,500**	**7,000**	**61%**
Production per share (per million shares)	73	45	61%
Q4 FFO ($ million)	$18.0 - $20.0	$7.5 - $8.0	145%
Annualized FFO ($ million)	$72.0 - $80.0	$30.0 - $32.0	145%
Annualized FFO per share	$0.46 - $0.51	$0.20	143%
Cash Netback Including Hedges ($/boe)	**$18.00**	**$12.25**	**47%**
Cash Netback Excluding Hedges ($/boe)	**$18.50**	**$8.75**	**111%**

Outlook

Delphi is positioned to deliver exceptional per share growth metrics in 2017 as a result of continued focus on margin growth, profitability and the successful execution of strategic initiatives over the past two years, despite challenging commodity prices.

The Company's successful margin growth is a result of the high quality Bigstone Montney asset base, majority ownership in strategic infrastructure, firm take away capacity and proven expertise in developing its world-class, liquids-rich asset. Delphi's strong hedge position has protected cash flow and economic returns through the entire period of lower commodity prices, creating the flexibility to pursue margin growth initiatives.

Delphi's strategic initiatives successfully completed over the past 24-months include;

- The timely disposition of $62.0 million non-core assets in 2015;
- Strengthening the Company's capital structure through the issuance of $60.0 million of senior secured notes in 2016;
- The closing of our recent $50.0 million Transaction to accelerate drilling activity and production growth while further strengthening the balance sheet; and
- The establishment of a new supportive Bank Syndicate.

The Company has successfully managed this prolonged commodity price downturn since the fourth quarter of 2014 and as a result of recent strategic initiatives, is now in a better overall corporate position to significantly grow production and funds from operations. The production rate in the fourth quarter of 2017 is forecast to be in context of Delphi's corporate production from the fourth quarter of 2014, while run rate funds from operations is forecast to be 20 percent greater. Total debt at December 31, 2017 is forecast to be 30 percent lower than at year-end 2014, while the shares outstanding have remained unchanged to date.

Delphi is well now positioned to achieve significant production, cash flow and reserve growth over the near and long term to the benefit of all our stakeholders.

About Delphi Energy Corp.

Delphi Energy Corp. is an industry-leading producer of liquids-rich natural gas. The Company has achieved top decile results through the development of our high quality Montney property, uniquely positioned in the Deep Basin of Bigstone, in northwest Alberta. Delphi continues to outperform key industry players by improving operational efficiencies and growing our dominant Bigstone land position in this world-class play. Delphi is headquartered in Calgary, Alberta and trades on the Toronto Stock Exchange under the symbol DEE.

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***Forward-Looking Statements**. This news 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).

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 to 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.

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 29, 2016.

Delphi Energy's crude oil, natural gas and natural gas liquid reserves information for the year ended December 31, 2015 was press released on February 29, 2016. Information relating to reserves and reserve metrics can be found in this press release.

***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.*