



# PRESS RELEASE

300, 500 – 4th Avenue S.W. Calgary, Alberta T2P 2V6  
T (403) 265-6171 F (403) 265-6207 E info@delphienergy.ca www.delphienergy.ca



*\*\*Not for distribution to United States News Services or Dissemination in the United States\*\**

## **DELPHI ENERGY CORP. ANNOUNCES SIGNIFICANT MONTNEY LAND ACQUISITION AT BIGSTONE, PROVIDES PRODUCTION AND OPERATIONS UPDATE, AND AMENDS INFORMATION CIRCULAR FOR ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**CALGARY, ALBERTA** – May 2, 2017 – **Delphi Energy Corp.** (“**Delphi**” or the “**Company**”) is pleased to announce the acquisition of 22.5 sections of Montney rights at Bigstone, contiguous to its current land holdings. In addition, the success of the 2017 capital program has increased corporate production to average approximately 10,000 barrels of oil equivalent per day (“boe/d”) for the month of April based on field estimates.

### **LAND ACQUISITION**

The Company is pleased to announce it has acquired 22.5 sections of Montney rights in the greater Bigstone area contiguous to the Company’s current Montney lands. This acquisition essentially replaces the 23.1 net sections of undeveloped land that were disposed of in the Partner Transaction that closed in December 2016, bringing current total land holdings in the Montney at Bigstone to 165.5 gross (109.6 net).

### **OPERATIONS UPDATE**

The Company is pleased to report initial production results on the first three (2.0 net) wells of the 2017 capital program. Initial results of the 15-08-60-23W5 (“15-08”), 15-11-60-23W5 (“15-11”) and 13-15-60-23W5 (“13-15”) wells have all met or exceeded Delphi’s expectations.

**15-08:** Over the first 30 days on production 15-08 (65 percent working interest), averaged a total of 1,243 boe/d with a field condensate to sales gas ratio of 216 barrels per million cubic feet (“bbl/mmmcf”). Total liquid production, including estimated natural gas liquids of 46 bbl/mmmcf sales, accounted for 61 percent or 759 bbl/d of the total sales production rate.

**15-11:** Over the first 30 days on production 15-11 (65 percent working interest), averaged a total of 1,375 boe/d with a field condensate to sales gas ratio of 80 bbl/mmmcf. Total liquid production, including estimated natural gas liquids of 46 bbl/mmmcf sales, accounted for 43 percent or 593 bbl/d of the total sales production rate.

**13-15:** Over the first 30 days on production 13-15 (65 percent working interest), averaged a total of 1,579 boe/d with a field condensate to sales gas ratio of 106 bbl/mmmcf. Total liquid production, including estimated natural gas liquids of 46 bbl/mmmcf sales, accounted for 48 percent or 751 bbl/d of the total sales production rate.

Delphi’s fourth well of the 2017 program at 15-09-60-23W5 (“15-09”) (61.8 percent working interest) was drilled to a total depth of 5,912 metres with a horizontal lateral in the Montney of 2,864 metres. A 40 stage completion liner was installed with fracturing operations scheduled to commence after spring break-up. The Company’s fifth and six wells of the 2017 program at 13-17-59-22W5 (“13-17”) and 13-09-60-23W5 (“13-09”) have both been drilled with a 40 stage completion liner installed in each. The 13-17 well (65 percent working interest) was drilled to a total depth of 6,018 metres with a horizontal lateral in the Montney of 2,876 metres. The 13-09 well (61.8 percent working interest) was drilled to a total depth of 5,974 metres with a horizontal lateral in the Montney of 2,813 metres. Ensign 220 and 225 are both continuing to drill wells seven and eight of the 2017 program through spring break-up from the 13-17 and 13-09 wellsite pads.

Completion operations for these five wells are scheduled to commence after spring break-up. Industry access to pressure pumping services continues to be restricted, however Delphi’s long working relationship with Trican Well Service (“Trican”), along with access to Trican’s innovative suite of stimulation technologies has enabled Delphi to continue to execute and innovate completion designs. This continued innovation combined with delineation of the Montney play to the west has resulted in significant increases in field condensate production.

Progress on Delphi’s Amine plant to sweeten a portion of the Company’s Montney natural gas is ongoing. This project will enable up to 20 million cubic feet per day (“mmcf/d”) of sweetened Montney gas to be processed at the Bigstone Gas Plant

where Delphi owns a 25 percent working interest and ample capacity remains. Regulatory applications are anticipated to be submitted in May with commissioning of the Amine plant planned for the first quarter of 2018.

## **AMENDMENT TO INFORMATION CIRCULAR**

Delphi has amended its Information Circular dated April 18, 2017 sent to shareholders in respect of the Annual General Meeting of shareholders to be held May 18, 2017 to add disclosure regarding a principal holder of its outstanding common shares that was inadvertently omitted. On July 26, 2016 Mason Hill Advisors LLC filed under the Alternative Monthly Reporting System of National Instrument 62-103 indicating that it owned or controlled 16,033,213 common shares of the Company representing 10.17% of the outstanding common shares as of April 18, 2017. Mason Hill Advisors LLC and its affiliates and related parties have advised that they are supportive of the Company and continue to hold such securities for investment purposes. A Revised and Restated Management Information Circular is being filed on SEDAR today.

## **Q1 2017 REPORTING, CONFERENCE CALL AND WEBCAST INFORMATION**

Delphi will release its first quarter of 2017 financial and operational results after market close on May 10, 2017. The Company's first quarter 2017 financial statements and management's discussion and analysis will be available on the Company's website and SEDAR at [www.SEDAR.com](http://www.SEDAR.com) in due course.

A conference call and webcast to review first quarter 2017 results is scheduled for 9:00 a.m. Mountain Time (11:00 a.m. Eastern Time) on Thursday, May 11, 2017. The conference call number is 1-844-358-8760. A brief presentation by David J. Reid, President and CEO and Mark D. Behrman, 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 Delphi's website at [www.delphienergy.ca](http://www.delphienergy.ca) or by entering <http://edge.media-server.com/m/p/qmudsd6g> in your web browser. A rebroadcast will also be available on Delphi's website or at <http://edge.media-server.com/m/p/qmudsd6g> on your web browser.

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.

### **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.*

### **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

**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](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 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.

**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.