Delphi Energy Corp.
PRESS RELEASE
2300, 333 – 7th Avenue S.W. Calgary, Alberta T2P 2Z1
T (403) 265-6171 F (403) 265-6207 E info@delphienergy.ca www.delphienergy.ca
TSX SYMBOL: DEE

DELPHI ENERGY CORP. PROVIDES OPERATIONS UPDATE AND SECOND HALF 2018 OUTLOOK

CALGARY, ALBERTA – July 18, 2018 – **Delphi Energy Corp. ("Delphi"** or the **"Company")** is pleased to provide an update on operations and guidance for the second half of 2018.

Delphi is among the most liquid-rich gas producers in the Montney, with field condensate and natural gas liquids ("NGLs") comprising approximately 42 percent of production from its Bigstone Montney property on a barrel of oil equivalent ("boe") basis. Delphi is currently generating approximately 70 percent of its revenue from its condensate and natural gas liquids production and remains well positioned to benefit from the improved outlook for crude oil prices.

Operations Update

Delphi's production through the second quarter of 2018 was consistent with its previously released guidance, with the more valuable field condensate production trending to the upper end of the guidance range, while natural gas and associated liquids have trended to the lower end of the range. Field and plant condensate represented approximately 72 percent of the total liquids production during the second quarter.

	Q2 2018 Guidance	Q2 2018 Field Estimates	Q1 2018 Actuals	% Change
Field condensate (bbls/d)	2,800 – 2,900	2,860	2,472	16
NGLs (bbls/d)	1,550 – 1,650	1,575	1,418	11
Natural gas (mmcf/d)	37.0 – 39.0	37.0	33.7	10
Average production (boe/d)	10,600 – 11,000	10,600	9,515	11
Percent liquids (%)	41	42	41	

The 16-10-60-24W5 ("16-10") well at West Bigstone was brought on production in May through Delphi's 100 percent owned Negus sweet gas plant in West Bigstone. Over the first 30 full days on production (IP30), the well flowed at an average rate of 3.2 million cubic feet of natural gas per day ("mmcf/d") of raw gas and 913 barrels per day ("bbls/d") of 41 degree API field condensate (310 bbls/mmcf of sales gas). Total sales production rate for 16-10 over this time period was approximately 1,434 barrels of oil equivalent per day ("boe/d") (66 percent liquids), including current estimated plant natural gas liquid ("NGL") yield of 10 bbls/mmcf of sales gas through the Negus plant. 16-10 has been on production for two months and has produced 44,600 barrels of field condensate.

The 15-19-59-23W5 ("15-19") well at West Bigstone was brought on production in February through the Company's 7-11-60-23W5 field compression and dehydration facility ("7-11 facility"). Over the first 90 full days on production (IP90), the well flowed at an average rate of 3.8 mmcf/d of raw gas and 605 bbls/d of 44 degree API field condensate (183 bbls/mmcf of sales gas). Total sales production rate for 15-19 over this time period was approximately 1,300 boe/d (58 percent liquids), including an estimated plant NGL yield of 44 bbls/mmcf of sales gas.

The IP30 field condensate rate of 16-10 and IP90 field condensate rate of 15-19 are both more than double the average field condensate rate over the same respective time periods for Delphi's other ten most recent wells. The performance of these two wells are a result of Delphi's continued innovation of its completion design as well as delineation of the western portion of the Company's acreage.

Delphi is pleased to announce it has entered into a fluids disposal agreement with Catapult Environmental Inc. ("Catapult") whereby Catapult will drill a disposal well(s) near the Company's Bigstone Montney development and will pipeline connect it to the 7-11 facility at Catapult's risk and expense. In exchange, Delphi has agreed to direct disposal fluid, excluding disposal fluid reused by Delphi for hydraulic fracturing operations and disposal fluid injected into disposal wells owned by Delphi, to their facility in the project area for a prescribed fee. The fee is lower than the Company's current water trucking costs alone and will have a positive impact to the Montney operating costs. The proximity of the Catapult disposal well and facility to the Company's Montney development is also expected to have a favorable impact to completions costs. Delphi estimates a decrease in completion flow-back trucking and disposal costs by over 50 percent. The Company has retained its 65 percent interest in the 16-34-59-21W5 disposal well. The Catapult disposal well and facility is expected to be commissioned in the first quarter of 2019.

Second Half 2018 Outlook

Delphi has commenced its second half drilling program and expects to drill and complete four (2.6 net) wells in the second half of 2018 spending approximately 75 to 85 percent of the planned expenditures on the new wells, with the remaining capital focused on infrastructure and production optimization projects.

The following table highlights Delphi's guidance for the second half and full year of 2018.

	2018 Second Half Guidance (1)	2018 Full Year Guidance
Net capital program ($ million)	$29 - $33	$75 - $80
Well count drilled	4 (2.6 net) – 5 (3.3 net)	8 (5.2 net)
Well count on production	4 (2.6 net)	11 (7.2 net)
Average production (boe/d)	10,000 – 10,400	10,000 – 10,200
Natural gas (mmcf/d)	37.0 – 37.5	36.0 – 36.5
Field condensate (bbls/d)	2,500 – 2,650	2,600 – 2,650
NGLs (bbls/d)	1,400 – 1,500	1,450 – 1,500
Percent liquids (%)	40 - 41	40
Adjusted funds flow ("AFF") ($ million)	$25 - $27	$50 - $54
Net debt (2)	$160 – $166	$160 – $166
Net debt / AFF (annualized)	3.1	3.1

(1) Based on WTI crude oil price of $68 per barrel, NYMEX Henry Hub natural gas price of $2.95 per mmbtu and FX of 1.327 CAD per USD.
(2) Net debt is defined as the sum of bank debt, senior secured notes and the long term portion of unutilized take-or-pay contract plus (minus) the working capital deficit (surplus) excluding the current portion of the fair value of the financial instruments.

As a result of the successful delineation drilling this past winter and production performance of the new wells brought on-stream over the past twelve months, Delphi currently has eight multi-well pads and another five delineation wells in various stages of licensing. This drill-ready inventory provides the optionality to expand the current program depending on realized commodity prices through the second half of 2018 and into 2019. The four (2.6 net) new wells being drilled and completed in the second half of 2018 will not have a significant impact on the Company's production until the fourth quarter as highlighted in the table below, due to the scheduled on-stream dates.

	2018 Q4 Guidance	2017 Q4 Actuals	% Change
Average production (boe/d)	10,600 – 10,900	9,588	12
Natural gas (mmcf/d)	38.5 – 39.0	35.4	9
Field condensate (bbls/d)	2,700 – 2,900	2,374	18
NGLs (bbls/d)	1,450 – 1,500	1,315	12
Percent liquids (%)	40	38	--
Adjusted funds flow (including hedges) ($ million)	$14.5 - $15.0	$14.1	5
Adjusted funds flow (excluding hedges) ($ million)	$18.0 - $18.5	$13.0	40

Risk Management

The Company continues to maintain an active commodity risk management program. Delphi will more fully benefit from the improving WTI oil price outlook in the second half of 2018 and into 2019 as the existing WTI hedge positions expire. The Company continues to benefit from its contracted Alliance full path service to Chicago providing premium natural gas pricing. Delphi's excess Alliance service continues to generate additional revenue offsetting the Company's AECO exposure.

Commodity Hedges	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2019
Natural gas (mcf/d)	20.0	21.0	21.0	17.4	10.2
Average hedge price (C$/mcf)(2)	3.62	3.61	3.62	3.64	3.41
Crude oil (bbl/d)	2,256	2,500	2,100	2,100	798
Average hedge price (C$/bbl)	70.50	71.20	72.41	72.41	72.91

(1) Assumes an FX of 1.327 CAD per USD for the second half of 2018 and 2019.
(2) Includes the impact of NYMEX HH natural gas – Chicago basis hedges.

Corporate Update

Delphi advises that Luminus Energy Partners Master Fund Ltd. ("Luminus") has filed on SEDAR that it has acquired additional common shares through exempt market purchases and that it now owns 21.23 percent of the outstanding shares (on a non-diluted basis) of the Company. Luminus was the principal investor in the $65 million debt and equity financing by the Company in June 2017 to fund an expanded capital program. Upon closing of the financing in 2017, Luminus owned 16.72 percent of the outstanding common shares of the Company.

The Company looks forward to providing a more detailed review of second quarter operations in its second quarter 2018 report to be released on August 8, 2018 after close of market.

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.
2300 - 333 – 7th Avenue S.W.
Calgary, Alberta
T2P 2Z1
Telephone: (403) 265-6171 Facsimile: (403) 265-6207
Email: info@delphienergy.ca Website: www.delphienergy.ca

DAVID J. REID
President & CEO

MARK D. BEHRMAN
CFO

***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. "IP" is an abbreviation for "Initial Production" and represents average production rates over the indicated time period in producing days.

Non-GAAP Measures*. The release contains the terms "adjusted funds flow", "adjusted funds flow per share", "net debt", "net debt to adjusted funds flow ratio", "marketing income", "operating netbacks", "cash netbacks," and "netbacks" which are not recognized measures under GAAP. 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 adjusted funds flow 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, abandonment obligations and to repay debt. Adjusted funds flow is a non-GAAP measure and has been defined by the Company as cash flow from operating activities before decommissioning expenditures and changes in non-cash working capital from operating activities. The Company also presents adjusted funds flow 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 adjusted funds flow 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 GAAP. The Company has defined net debt as the sum of bank debt, senior secured notes and the long term portion of unutilized take-or-pay contract plus/minus working capital deficit/surplus 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. Marketing income is defined as the margin earned on the sale of purchased third party natural gas volumes and premiums received on the assignment of a portion of committed capacity on the Alliance pipeline system to a third party. Management considers marketing income important measures of the Company's ability to mitigate the cost of excess committed capacity. Operating netbacks have been defined as revenue plus marketing income less royalties, transportation and operating costs. Cash netbacks have been defined as operating netbacks less interest on bank debt and senior secured notes, general and administrative costs and cash costs related to the Company's restricted share units. Netbacks are generally discussed and presented on a per boe basis.*