Delphi Energy Corp.
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

DELPHI ENERGY CORP. REPORTS SECOND QUARTER 2018 RESULTS

CALGARY, ALBERTA – August 8, 2018 – **Delphi Energy Corp. ("Delphi"** or the **"Company")** is pleased to announce its financial and operational results for the quarter ended June 30, 2018.

Second Quarter 2018 Highlights

- Produced 10,623 barrels of oil equivalent per day ("boe/d") in the second quarter of 2018, a twelve percent increase from the 9,515 boe/d in the first quarter of 2018;
- Tied-in and brought on production three (1.95 net) Montney wells in Bigstone;
- Commissioned amine processing facility (65 percent working interest) allowing up to 17 million cubic feet per day ("mmcf/d") of gross raw Montney natural gas to be sweetened prior to routing it through the Bigstone sweet natural gas plant (25 percent working interest) for final processing;
- Increased field condensate production by 16 percent to 2,858 barrels per day ("bbls/d") and natural gas liquids by eleven percent to 1,575 bbls/d in comparison to the first quarter of 2018;
- Increased natural gas liquids and field condensate yields to 119 barrels per million cubic feet ("bbls/mmcf"), up nine percent from the 109 bbls/mmcf in the comparative quarter of 2017. Field and plant condensate yields are 87 bbls/mmcf, or 73 percent of the 119 bbls/mmcf;
- Field condensate and natural gas liquids accounted for 73 percent of crude oil and natural gas revenues and 42 percent of production;
- Realized a natural gas price, before risk management contracts and including marketing income, of $3.26 per thousand cubic feet ("mcf") compared to an AECO price of $1.18 per mcf as a result of selling approximately 75 percent of our natural gas in Chicago, Illinois, via full-path transportation arrangements and generating marketing income from excess firm Alliance transportation;
- Cash netbacks per boe increased by 29 percent over the comparative quarter resulting in adjusted funds flow of $14.7 million, a 111 percent increase over the second quarter of 2017. Cash netbacks per boe increased 14 percent compared to the first quarter of 2018 resulting in a 29 percent increase in adjusted funds flow over the first quarter of 2018; and
- As a result of Delphi's lenders' annual review of the Company's senior credit facility, the Company received an increase in the borrowing base of its credit facilities to $105.0 million.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three Months Ended June 30			Six Months Ended June 30		
	2018	2017	% Change	**2018**	2017	% Change
Financial						
($ thousands, except per share)						
Crude Oil and natural gas revenues	**36,394**	20,162	81	**69,069**	45,833	51
Net earnings (loss)	**(5,834)**	4,520	(229)	**(10,300)**	12,676	(181)
Per share – basic and diluted	**(0.03)**	0.03	(200)	**(0.06)**	0.08	(175)
Adjusted funds flow(1)	**14,697**	6,964	111	**26,125**	14,934	75
Per share – basic and diluted(1)	**0.08**	0.04	100	**0.14**	0.09	56
Net debt(1)	**155,402**	90,638	71	**155,402**	90,638	71
Capital expenditures, net of dispositions	**3,410**	22,554	(85)	**44,575**	52,611	(15)
Weighted average shares (000s)						
Basic	**185,547**	164,591	13	**185,547**	160,712	15
Diluted	**185,547**	165,612	12	**185,547**	162,171	14
Operating (boe conversion – 6:1 basis)						
Production						
Field condensate (bbls/d)	**2,858**	1,540	86	**2,666**	1,738	53
Natural gas liquids (bbls/d)	**1,575**	1,019	55	**1,497**	1,160	29
Natural gas (mcf/d)	**37,141**	23,551	58	**35,453**	26,628	33
Total (boe/d)	**10,623**	6,484	64	**10,072**	7,336	37
Average realized sales prices, before financial instruments and marketing income (1)						
Field condensate ($/bbl)	**77.24**	59.74	29	**73.89**	60.39	22
Natural gas liquids ($/bbl)	**44.74**	27.02	66	**44.36**	29.92	48
Natural gas ($/mcf)	**2.89**	4.31	(33)	**3.29**	4.24	(22)
Netbacks ($/boe)						
Crude oil and natural gas revenues	**37.65**	34.17	10	**37.89**	34.52	10
Marketing income (1)	**1.30**	1.72	(24)	**1.28**	0.77	66
Realized loss on financial instruments	**(3.41)**	0.77	(543)	**(3.16)**	-	-
Revenue, after realized financial instruments	**35.54**	36.66	(3)	**36.01**	35.29	2
Royalties	**(1.30)**	(1.49)	(13)	**(2.12)**	(2.48)	(15)
Operating expense	**(9.04)**	(11.15)	(19)	**(9.25)**	(9.85)	(6)
Transportation expense	**(5.16)**	(6.03)	(14)	**(5.30)**	(5.81)	(9)
Operating netback(1)	**20.04**	17.99	11	**19.34**	17.15	13
General and administrative expenses	**(1.41)**	(2.56)	(45)	**(1.51)**	(2.80)	(46)
Interest	**(3.25)**	(3.63)	(10)	**(3.31)**	(3.11)	6
Settlement of unutilized take-or-pay contract	**(0.18)**	-	-	**(0.19)**	-	-
Cash netback (1)	**15.20**	11.80	29	**14.33**	11.24	27

(1) Refer to non-GAAP measures

FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDED JUNE 30, 2018

Having finished the drilling and completion operations for the 2017/2018 winter program in the first quarter, Delphi carried out a modest capital program in the second quarter, spending $3.4 million to tie-in three (1.95 net) wells and undertake various infrastructure projects. Capital spending in the first six months of 2018 amounted to $44.6 million.

Average production was 10,623 boe/d for the quarter. Field condensate production was 2,858 bbls/d, accounting for 27 percent of production on a boe basis (compared to 24 percent in the second quarter of 2017) and 55 percent of crude oil and natural gas revenues. Total liquids (field condensate and NGL) production in the second quarter accounted for 42 percent of total production and 73 percent of crude oil and natural gas revenues.

Quarterly crude oil and natural gas revenues were $36.4 million, an increase of 11 percent over the first quarter of 2018 due to increased production and higher condensate and NGL realized prices.

A net hedging loss of $3.3 million was realized in the second quarter of which $3.7 million was due to WTI swaps on 2,500 bbls/d contracted at an average price of C$71.20 per barrel, offset by gains on natural gas hedges. The contracted volumes of WTI hedges decline to 2,100 bbls/d in the second half of 2018, 1,000 bbls/d in the first half of 2019, 600 bbls/d in the second half of 2019 and nil thereafter while the average contracted price increases to C$72.41 per barrel, C$73.29 per barrel and $72.29 per barrel, respectively.

Adjusted funds flow increased 29 percent from the first quarter of 2018 to $14.7 million or $0.08 per basic and diluted share. Prior to hedging losses, adjusted funds flow was $18.0 million, equivalent to $72.0 million on an annualized basis which provides approximately $25.0 million of free cash flow above annual capital required to maintain production at current levels.

The operating netback before hedging was $23.45 per boe while the corresponding cash netback before hedging was $18.61 per boe. After a hedging loss of $3.41 per boe, the operating and cash netbacks were $20.04 and $15.20 per boe, respectively.

Bank debt at the end of the quarter was $69.7 million and outstanding letters of credit were $7.4 million, leaving $27.9 million available to be drawn on the Company's senior bank credit facility. Total debt including working capital deficiency, senior secured notes, and the unused take-or-pay contract liability at the end of the quarter was $155.4 million, $11.0 million lower than at the end of the first quarter.

Capital spending, production and adjusted funds flow were all within the guidance provided by the Company on March 7, 2018 for the first six months of 2018 and on May 9, 2018 for the second quarter of 2018.

NATURAL GAS TRANSPORTATION AND MARKETING

Delphi has a total of 57 mmcf/d of firm and priority interruptible service on the Alliance pipeline system and 24 mmcf/d of firm service on the NGTL pipeline system.

The proportion of natural gas sold in Chicago via Alliance decreased in the second quarter due to commissioning of the newly completed amine sweetening plant, as these volumes are sent for further processing at the Bigstone sweet gas plant which is currently only connected to NGTL. The Bigstone sweet natural gas plant will be connected to Alliance upon reactivation of the lateral pipeline, which is expected to occur in 2019. The net impact on adjusted funds flow is expected to be positive as the lower realized natural gas price is offset by lower operating costs, lower transportation costs and higher marketing income from the increase in excess Alliance service.

Delphi generated $1.3 million ($1.30 per boe) of marketing income in the quarter from the excess service it holds on Alliance through a combination of temporary assignment to other shippers at a premium over cost or through the purchase of natural gas in Alberta or British Columbia for sale in Chicago.

In the second quarter, the Company shipped 27.9 mmcf/d of natural gas on Alliance for sale in the Chicago market at an average realized price of $3.39 per mcf and 9.2 mmcf/d of natural gas on NGTL for sale in Alberta at an average realized price of $1.32 per mcf, resulting in a combined average realized price of $2.89 per mcf. The combined average realized price including hedging gain and marketing income was $3.39 per mcf compared to an average AECO price of $1.18.

HEDGING

Commodity Hedges	Q3 2018	Q4 2018	2019
Natural gas (mcf/d)	21.0	17.4	10.2
Average hedge price (C$/mcf)(2)	3.62	3.64	3.46
Crude oil (bbl/d)	2,100	2,100	798
Average hedge price (C$/bbl)	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.

OPERATIONS UPDATE

In the second quarter, Delphi brought on three (1.95 net) horizontal Montney wells, including the 15-19-59-23W5 (“15-19”) and 16-10-60-24W5 (“16-10”) West Bigstone wells. The most recent well to be brought on production was the 16-10 well through the 100 percent Company owned Negus sweet gas plant. Over the first 90 full days on production (IP90), the well flowed at an average rate of 3.7 mmcf/d of raw gas and 613 bbls/d of 42 degree API field condensate (177 bbls/mmcf of sales gas). Total sales production rate for 16-10 over this time period was approximately 1,226 boe/d including current estimated plant natural gas liquid (“NGL”) yield of 10 bbls/mmcf of sales gas.

A new enhanced oil recovery (“EOR”) surfactant was trialed on a number of western wells including the 15-19 and 16-10 wells. The EOR surfactant is specifically designed to enhance oil/condensate production. Over the first 90 days of production the 15-19 and 16-10 wells recovered 54,500 bbls and 55,200 bbls of field condensate respectively, and continue to exceed offsetting well production performance. Delphi is also shifting its well designs to larger casing sizes allowing higher pump rates and decreased frac cycle time. The 16-10 well was the first to utilize a 5.5” frac string. Its estimated this reduced the frac cycle time by approximately 1.5 days while also providing a more effective stimulation through increased fracture complexity.

A 60,000 cubic metre water storage hub is currently under construction, to enable efficient West Bigstone pad development and decrease water management costs. This will enable large scale 24 hour frac operations on future multi-well pads, while also providing security of water. In combination with the recently announced fluid disposal agreement with Catapult, full cycle water management costs and logistics will be reduced and simplified going forward. Delphi is also investigating a number of new water treatment technologies which may allow for re-use and recycling of frac flow-back fluid.

During the second quarter, the Company commissioned the Phase I Amine processing facility and commenced delivering sweetened Montney gas on May 9th to the under-utilized 85 mmcf/d Bigstone sweet natural gas plant (Delphi 25 percent working interest) for final processing . The new facility, capable of sweetening up to 17 mmcf/d of gross raw Montney natural gas, will enable reduced operating costs on that production stream by approximately $0.80 per mcf. Corporately, operating cost savings of approximately $0.70 per boe are forecast. The amine facility is part of the Company’s long term strategy to diversify its processing options, which now include the SemCAMS K3 (sour), Repsol Edson (sour), Delphi Bigstone (sweet), and Delphi Negus (sweet) processing facilities.

Given the current production volumes trending above budget, the Company reaffirms its full year 2018 production guidance of 10,000 to 10,200 boe/d, released on July 18, 2018. Delphi notes that the SemCAMS operated K3 natural gas plant was taken offline for 6 days due to unscheduled repairs near the end of July. Second half 2018 production guidance is tightened from the range of 10,000 to 10,400 boe/d previously released, to 10,000 to 10,200 boe/d as a result of this unscheduled outage.

The Company has commenced its second half drilling program with the fifth and sixth wells of the 2018 program at 16-31-59-23W5 and 13-18-60-22W5. Both these wells are close offsets to successful wells brought on production in the first half of 2018. Subsequent drills in the second half of 2018 are offsets to recent successful results at West Bigstone, at 16-10 and 15-19.

INCENTIVE STOCK OPTIONS

On June 20, 2018, the board of directors of the Company approved the granting of incentive stock options under its stock option plan to its employees, officers and directors to acquire up to an aggregate of 2,705,000 common shares of the Company at an exercise price of $0.89 per share. This grant follows the expiry of 815,002 options and 1,760,000 options on March 30, 2018 and April 25, 2018 respectively.

OUTLOOK

Delphi expects to drill and complete four (2.60 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 Company expects operating and cash netbacks to continue to grow as the Company follows up on recent liquids-rich, successful delineation wells in West Bigstone and realizes the full benefit of recent infrastructure investments, transitioning the Company to a growth model principally financed through adjusted funds flow.

The Company looks forward to providing an update on its ongoing drilling program as information becomes available.

CONFERENCE CALL AND WEBCAST

A conference call and webcast to review 2018 second quarter results is scheduled for 9:00 a.m. Mountain Time (11:00 a.m. Eastern Time) on Thursday, August 9, 2018. The conference call number is 1-844-358-8760. A brief presentation by David J. Reid, President and CEO, and Mark 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 www.delphienergy.ca or by entering https://edge.media-server.com/m6/p/p25n7y4h in your web browser.

A recorded rebroadcast will be archived and made available on the Company's website at www.delphienergy.ca or by entering https://edge.media-server.com/m6/p/p25n7y4h in your web browser. Delphi's second quarter 2018 financial statements and management's discussion and analysis are available on the Company's website at www.delphienergy.ca and SEDAR at www.SEDAR.com.

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.*