PRESS RELEASE
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DELPHI ENERGY CORP. REPORTS SECOND QUARTER 2019 RESULTS

CALGARY, ALBERTA – August 7, 2019 – **Delphi Energy Corp. ("Delphi"** or the **"Company")** is pleased to announce its financial and operational results for the quarter ended June 30, 2019 and to provide an operations update.

SECOND QUARTER 2019 HIGHLIGHTS

- Successfully concluded completion and tie-in operations on the 13-34-059-24W5 four-well pad (2.6 net) which was brought on-stream throughout the second quarter;
- Reduced bank debt plus working capital deficiency by $7.1 million from the first quarter of 2019;
- Entered into a binding agreement to sell and permanently assign approximately 35 percent of its firm full-path Alliance service (the "Marketing Transaction") for $11.9 million. The Marketing Transaction is expected to close on or about September 3, 2019. The net proceeds and reduction to Delphi's outstanding letters of credit associated with the Alliance service will increase liquidity by approximately $13.3 million;
- Field condensate production decreased three percent to 2,762 barrels per day ("bbls/d) compared to the second quarter of 2018. In comparison to the first quarter of 2019, field condensate production increased 19 percent. During the second quarter of 2019, the liquids yield averaged 130 barrels per million cubic feet ("bbls/mmcf"), up nine percent from the 119 bbls/mmcf in the second quarter of 2018. Of the 130 bbls/mmcf, 99 bbls/mmcf were the higher valued condensate and pentane products.
- Average production in the quarter of 9,157 barrels of oil equivalent per day ("boe/d") was down 14 percent from the 10,623 boe/d in the comparative quarter of 2018;
- Completed construction of a 14 kilometre dedicated pipeline connecting West Bigstone to the 07-11 compression and dehydration facility in East Bigstone;
- Delphi's realized natural gas price, including marketing income and excluding realized gains on risk management, averaged $2.87 per thousand cubic feet ("mcf") comparing favourably to the average daily AECO benchmark which averaged $1.04 per mcf. Approximately 55 percent of the Company's natural gas was sold in the Chicago natural gas market;
- Operating expenses decreased $0.9 million and $2.0 million in the three and six months ended June 30, 2019 compared to the same periods in 2018 primarily reflecting the reduction in third-party processing fees as the Company is able to process a portion of Montney natural gas volumes at its 25 percent owned Bigstone sweet natural gas plant;
- Transportation expenses per boe decreased nine percent over the comparative quarter in 2018 as a greater portion of the Company's natural gas was shipped on the less costly NGTL system;
- The cash netback before risk management, decreased 36 percent in the second quarter of 2019 compared to the same period in 2018 primarily due to continued commodity price weakness, in particular for natural gas and natural gas liquids; and
- Realized $2.1 million and $4.2 million on risk management contracts in the three and six months ended June 30, 2019.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three months ended June 30			Six months ended June 30		
	2019	2018	% Change	**2019**	2018	% Change
Financial ($ thousands, except per share)						
Crude oil and natural gas revenues	**27,026**	36,394	(26)	**53,379**	69,069	(23)
Net loss	**(53,620)**	(5,834)	819	**(72,127)**	(10,300)	600
Per share – basic and diluted	**(0.29)**	(0.03)	867	**(0.39)**	(0.06)	550
Cash flow from operating activities	**14,777**	6,206	138	**23,999**	33,315	(28)
Per share – basic and diluted(1)	**0.08**	0.03	167	**0.13**	0.18	(28)
Adjusted funds flow(1)	**11,963**	14,697	(19)	**24,314**	26,125	(7)
Per share – basic and diluted(1)	**0.06**	0.08	(25)	**0.13**	0.14	(7)
Net debt(1)	**189,117**	155,402	22	**189,117**	155,402	22
Capital expenditures, net of dispositions	**4,390**	3,410	29	**26,868**	44,575	(40)
Weighted average shares (000s)						
Basic and diluted	**185,547**	185,547	-	**185,547**	185,547	-
Operating (boe conversion – 6:1 basis)						
Production:						
Field condensate (bbls/d)	**2,762**	2,858	(3)	**2,544**	2,666	(5)
Natural gas liquids (bbls/d)	**1,245**	1,575	(21)	**1,256**	1,497	(16)
Natural gas (mcf/d)	**30,897**	37,141	(17)	**30,960**	35,453	(13)
Total (boe/d)	**9,157**	10,623	(14)	**8,960**	10,072	(11)
Average realized sales prices, before financial instruments						
Field condensate ($/bbl)	**71.41**	77.24	(8)	**65.35**	73.89	(12)
Natural gas liquids ($/bbl)	**21.48**	44.74	(52)	**28.64**	44.36	(35)
Natural gas ($/mcf)	**2.32**	2.89	(20)	**2.96**	3.29	(10)
Netbacks ($/boe)						
Crude oil and natural gas revenues	**32.43**	37.65	(14)	**32.91**	37.89	(13)
Marketing income (1)	**1.87**	1.30	44	**1.75**	1.28	37
Realized gain (loss) on financial instruments	**2.50**	(3.41)	(173)	**2.59**	(3.16)	(182)
Revenue, after realized financial instruments	**36.80**	35.54	4	**37.25**	36.01	3
Royalties	**(1.93)**	(1.30)	48	**(1.91)**	(2.12)	(10)
Operating expense	**(9.41)**	(9.04)	4	**(9.19)**	(9.25)	(1)
Transportation expense	**(4.67)**	(5.16)	(9)	**(4.36)**	(5.30)	(18)
Operating netback (1)	**20.79**	20.04	4	**21.79**	19.34	13
General and administrative expenses	**(1.50)**	(1.55)	(3)	**(1.78)**	(1.62)	10
Finance charges	**(4.73)**	(3.11)	52	**(4.81)**	(3.20)	55
Settlement of unutilized take-or-pay contract	**(0.20)**	(0.18)	11	**(0.21)**	(0.19)	11
Cash netback (1)	**14.36**	15.20	(6)	**14.99**	14.33	5

(1) Refer to non–GAAP measures

MESSAGE TO SHAREHOLDERS

The impact of the Company's condensate growth, product marketing advantages, cost reductions and hedging strategy continue to demonstrate a sustainable cash generating business model in a volatile commodity price environment. Strong well economics support a second half drilling program commencing in the fourth quarter, while utilizing free cash flow generated in excess of its capital program and non-core asset dispositions to reduce year-end 2019 net bank debt by approximately 20-25 percent from year-end 2018 levels.

Given the operational success of the drilling and completion operations on the 13-34-59-24W5 four-well pad, Delphi has identified significant potential cost savings on its future multi-well pad operations. With increasing condensate yields and lower sour content of the natural gas volumes, operating costs are expected to trend downward. The Company continues to evaluate its various natural gas processing options to further reduce costs, as well as reducing condensate transportation costs by shipping via pipeline rather than trucking.

In the second quarter, the cash netback remained robust, despite revenue decreasing 14 percent largely on lower realized pricing and lower natural gas and natural gas liquid volumes relative to the comparative quarter in 2018.

Delphi has benefited from a significant long position on its Alliance natural gas transportation service to Chicago over the past three years, and views a lower corporate natural gas production growth profile relative to its condensate production as a strategic advantage to increasing profitability. The Company's realized natural gas price continues to benefit from its exposure to the Chicago market, as well as from marketing income on its excess Alliance transportation service. The closing of the sale and permanent assignment of approximately 35 percent of its firm full-path service to the Chicago area on the Alliance pipeline system in September 2019 for $11.9 million will be used to repay bank indebtedness and increase liquidity by approximately $13.3 million.

Delphi remains well positioned with a high quality resource base supported by a significant infrastructure footprint and a large drilling inventory combined with a strategic natural gas marketing strategy and a strong commodity hedge position.

OPERATING AND FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDED JUNE 30, 2019

With a modest capital program in the second quarter of 2019 and adjusted funds flow of $12.0 million, Delphi was able to reduce net bank debt by $7.1 million from the first quarter of 2019.

Delphi wrapped up its winter capital program, successfully executing the development of a four-well pad in West Bigstone. During the quarter, capital spending totaled $4.4 million primarily on completing fracturing and tie-in operations on the four-well pad and a 14 kilometre dedicated pipeline connecting West Bigstone to the 07-11 compression and dehydration facility. Capital spending in the first six months of 2019 amounted to $26.9 million.

Production in the quarter averaged 9,157 boe/d, up five percent from the first quarter of 2019 and down 14 percent from the comparative quarter in 2018. The four-well pad was brought on-stream throughout the second quarter, contributing to a liquids yield of 130 bbls/mmcf, up twelve percent from the 116 bbls/mmcf in the first quarter of 2019. Delphi's production portfolio was weighted 30 percent to field condensate, 14 percent to natural gas liquids and 56 percent to natural gas.

Crude oil and natural gas revenues were $27.0 million, up three percent from the first quarter of 2019. Field condensate revenue increased by $5.8 million from the first quarter of 2019 as a result of an 18 percent increase in production and improved benchmark prices. The increase in revenue from field condensate was largely offset by weak prices for natural gas and natural gas liquids. In comparison, crude oil and natural gas revenues in the second quarter of 2019 were 26 percent lower than the second quarter of 2018 due to a weaker commodity price environment and lower production volumes.

Operating and transportation costs combined are $2.0 million or 14 percent lower than in the second quarter of 2018 primarily due to the commissioning of the amine facility in May 2018 and the corresponding shift of natural gas volumes onto the NGTL system. The operating netback before risk management in the quarter was $18.29 per boe compared to $23.45 per boe in the comparative quarter of 2018 and $20.19 per boe in the first quarter of 2019. Although weak commodity prices have placed downward pressure on the operating netback, the composition of Delphi's production and efforts to reduce operating and transportation costs continue to support a healthy operating netback in this depressed commodity price environment.

The cash netback in the quarter was $14.36 per boe, a decrease of six percent over the comparative quarter in 2018 principally due to lower realized prices and higher finance costs partially offset by a realized gain on risk management.

During the quarter, Delphi entered into a binding agreement to sell and permanently assign 16 mmcf/d (approximately 35 percent) of its firm full-path service to the Chicago area on the Alliance pipeline system for $11.9 million. The Marketing

Transaction is expected to close on or about September 3, 2019 subject to approval by Alliance . Proceeds from the Marketing Transaction will be used to repay bank indebtedness. The net proceeds and reduction of Delphi's outstanding letters of credit associated with the Alliance service will increase liquidity by approximately $13.3 million.

Delphi recorded a net loss of $53.6 million in the second quarter of 2019 due to a non-cash $61.7 million impairment charge against the book value of the Company's property, plant and equipment. The primary indicators of impairment identified as at June 30, 2019 include significant declines in forecasted commodity prices, particularly for natural gas and natural gas liquids, and a market capitalization deficiency relative to the book value of the Company's shareholders' equity.

During the quarter, the revolving period of the senior credit facility was extended from May 28, 2019 to July 12, 2019 in order to complete the annual borrowing base redetermination. On July 11, 2019, the annual borrowing base redetermination of the credit facility was finalized and the credit facility was amended. The borrowing base of the amended credit facility (the "credit facility") was reduced from $105.0 million to $100.0 million and will be reduced further to $90.0 million upon the earlier of September 30, 2019 and the completion of the Marketing Transaction. The credit facility is available on a revolving basis until November 28, 2019 with a maturity date of November 29, 2020. Under the credit facility, capital spending until November 30, 2019 is limited to $4.0 million other than as funded by the issuance of new equity or senior secured notes Net debt at the end of the quarter was $189.1 million.

NATURAL GAS MARKETING

Natural gas accounted for 25 percent of crude oil and natural gas revenues in the second quarter primarily due to further weakening in the AECO and Chicago benchmarks.

Prior to commissioning the amine facility in May 2018, approximately 90 percent of the Company's natural gas was sold in the Chicago market. Since commissioning the amine facility (May 2018), sweetened Montney natural gas from the facility has been processed at Delphi's 25 percent owned Bigstone sweet natural gas plant and shipped on NGTL. As a result, the proportion of natural gas sold in the Chicago market was 55 percent in the second quarter of 2019. Delphi expects the proportion of natural gas sold in Chicago will remain at about 60 percent until the Alliance lateral pipeline at the Bigstone sweet natural gas plant is reactivated in 2020, at which time it will increase to approximately 90 percent.

After the Marketing Transaction, Delphi will have approximately 29.8 mmcf/d of firm service and 7.5 mmcf/d of priority interruptible service on the Alliance pipeline system in addition to approximately 22 mmcf/d of firm service on NGTL.

With its excess Alliance service, Delphi maintains exposure above volumes that are sold in the premium price Chicago gas market and generated $1.5 million of marketing income equivalent to $0.55 per mcf in the second quarter. By marketing more than half of its natural gas outside of the weak and volatile AECO market, Delphi was able to realize a natural gas price including risk management and marketing income of $2.92 per mcf.

HEDGING

Delphi's realized prices for condensate and NGL for the remainder of 2019 are well protected by WTI crude oil swap contracts for an average volume of 2,900 bbl/d at an average price of $86.62 per bbl and Conway propane swap contracts for an average volume of 400 bbl/d at an average price of $43.97 per bbl. The Company's realized price for natural gas for the remainder of 2019 is protected by NYMEX HH natural gas swap contracts for an average volume of 15,000 million British thermal units per day ("mmbtu/d") at an average price of $3.76 per million British thermal units ("mmbtu") and Chicago – NYMEX natural gas basis swap contracts for an average volume of 19,000 mmbtu/d at an average basis discount of $0.30 per mmbtu, resulting in an average swap price of $3.44 per mmbtu in Chicago.

Hedging contracts in place for the second half of 2019 protect the realized price for approximately 81 percent of Chicago natural gas sales and approximately 82 percent of field condensate and NGL sales combined, based on production in the second quarter of 2019.

Commodity Hedges	2H 2019	1H 2020	2H 2020
Natural gas (mmcf/d)	15.0	8.8	2.5
Average hedge price (C$/mcf)(2)	$3.44	$3.37	$3.29
% of natural gas production hedged(3)	49%	28%	8%
Crude oil (bbl/d)	2,900	2,000	1,500
Average hedge price (C$/bbl)	$86.62	$83.31	$83.12
Propane (bbl/d)	400	100	100
Average hedge price (C$/bbl)	$43.97	$42.42	$42.38
% of condensate and NGL production hedged(3)	82%	52%	40%

(1) Assumes an FX of $1.32 CAD per USD
(2) Includes the impact of NYMEX HH natural gas - Chicago basis hedges
(3) Based on Q2 production of 30.9 mmcf/d of natural gas production, 4,007 bbl/d of condensate and NGL production

OPERATIONS UPDATE

Throughout the second quarter of 2019, the Company brought on production the four wells from its multi-well pad with a surface location of 13-34-59-24W5 ("13-34"), directly offsetting the Company's delineation wells drilled in West Bigstone at 16-10-60-24W5 and 15-10-60-24W5 ("16-10" and "15-10"). Delphi has a 65 percent working interest in the 13-34 pad and the 16-10 and 15-10 wells. The four extended-reach wells on the 13-34 pad were drilled in the fourth quarter of 2018 and the first quarter of 2019 with an average horizontal length in the Montney of 2,850 metres, efficiently developing two full sections at a time. Delphi successfully finished fracturing operations on the four-well pad at West Bigstone in the first quarter. The two eastern-most wells on the 13-34 pad were completed with a hybrid completion consisting of 50 fracs pumped using a ball-drop liner, and 30 individual fracs placed using plug and perf for a total of 80 discrete fracs. This is a similar design as was used at 16-10 and 15-10 where 65 fracs were placed. On the two western-most wells on the pad, an extreme limited entry fracturing technique was used consisting of 40 stages with five clusters per stage for a total of 200 clusters or fracture initiations. Observing the 13-34 pad's well performance over the first 90 to 180 days will be important to determining the impacts of the increased fracture intensity and number of fracture initiations compared to the 65 stages placed in the two offset wells.

Over the first 90 days on production, the four wells on the 13-34 pad flowed at an average rate of 1.9 mmcf/d of raw natural gas and 413 bbls/d of 42 degree API field condensate (246 bbls/mmcf of sales gas). Total sales production rate over this time period averaged approximately 763 boe/d (63 percent liquids) including current estimated plant natural gas liquids yield of 42 bbls/mmcf of sales gas. Although natural gas production from the pad wells has been less the further west the well is, field condensate production has been more consistent. Compared to the average of the original 16-10 and 15-10 wells, the average field condensate rate of the 13-34 pad was 71% over the first 30 days on production, 75% over the first 90 days on production and approximately 81% at day 90. Continuing to monitor the production profiles of the pad wells will be important in optimizing overall capital efficiencies on the future multi-well pads.

	IP30			IP90		
	Sales Gas (mmcf/d)	Field Condy (bbls/d)	Total (boe/d)	Sales Gas (mmcf/d)	Field Condy (bbls/d)	Total (boe/d)
16-10-60-24W5	2,880	913	1,441	3,389	613	1,234
15-10-60-24W5	3,019	740	1,294	3,235	494	1,100
02/15-10-60-24W5	2,220	517	980	2,251	383	852
14-10-60-24W5	2,174	718	1,171	2,117	503	945
13-10-60-24W5	1,503	573	886	1,404	377	670
12-10-60-24W5	986	550	756	948	387	585

	IP30		IP90	
	CGR (bbl/mmcf)	Liquids (%)	CGR (bbl/mmcf)	Liquids (%)
16-10 & 15-10 Average	281	64%	167	53%
13-34 Pad Average	376	70%	271	64%

OUTLOOK

The Company expects its condensate production to continue to grow disproportionately to its natural gas production over the next three to five years. The impact of the Company's condensate growth, product marketing advantages, cost reductions and hedging strategy continue to demonstrate a strong cash generating business model in a volatile commodity price environment.

Hedging contracts in place for the remainder of 2019 protect the realized price for approximately 81 percent of Chicago natural gas sales and approximately 82 percent of field condensate and NGL sales combined, based on production in the second quarter of 2019. Delphi's 2019 and 2020 hedging contracts have a current mark to market value of approximately $15.0 million, compared to current future commodity prices.

The capital program for the second half of 2019 is anticipated to be approximately $6.5 to $8.0 million, with drilling operations not expected to start until later in the fourth quarter. As such, free cash flow generated in excess of the capital program, along with the proceeds from the sale of a portion of the Company's excess Alliance pipeline transportation service will be used to reduce year-end 2019 net bank debt by approximately 20-25 percent from year-end 2018 levels. Deferring the commencement of drilling operations until later in the fourth quarter to significantly reduce net bank debt will result in no new production volume additions until the first quarter of 2020 and lower second half 2019 production volume expectations by approximately 10 to 12 percent compared to the first half of 2019.

Delphi Energy is pleased to announce it has hired Darwin Little as interim CFO effective August 7, 2019. Mr. Little is an accomplished finance professional with over thirty-five years' experience in financial management, asset development and project management. His most recent experience saw him grow NEP Canada from 2,000 boe/d to 12,000 boe/d before selling it to Aspen Leaf Energy. Prior to NEP, he worked at various oil and gas companies as a CFO. He has an MBA from the University of Calgary, and is a designated CPA. Delphi believes he will be an important addition to the team as Delphi navigates the next stage in its development.

CONFERENCE CALL AND WEBCAST

A conference call and webcast to review second quarter 2019 results is scheduled for 9:00 a.m. Mountain Time (11:00 a.m. Eastern Time) on Thursday, August 8, 2019. The conference call number is 1-844-358-8760. A brief presentation by David J. Reid, President and CEO, and Karyssa Quansah, Controller, 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/mmc/p/m9r4ne2h 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/mmc/p/m9r4ne2h in your web browser. Delphi's second quarter 2019 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.

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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. "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 leases (excluding premise leases) 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, finance charges associated with* *lease obligations, 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.*