

CALGARY, Alberta, May 24, 2017 (GLOBE NEWSWIRE) -- [Delphi Energy Corp.](#) ("Delphi" or the "Company") is pleased to announce that it has entered into agreements with investors for a \$65 million financing transaction (the "Financing Transaction"), comprised of a \$35 million equity offering (the "Equity Offering") and a \$30 million principal amount of 10% senior secured Collateralized Exchange Listed™ ("CEL™") Notes (the "Notes Offering").

A syndicate of agents, led by Raymond James Ltd. and co-led by AltaCorp Capital Inc., has sold the securities on a private placement basis. The majority of the Financing Transaction was subscribed for by a single US-based institutional investor. Delphi is pleased to have a strategic investor who is constructive to Delphi's accelerated development plan at its Bigstone Montney assets and is supportive of future consolidation opportunities in the area.

"Given Delphi's continued strong results on the Bigstone Montney project, we believe continued acceleration of our development plan on our 165.5 sections of Montney land is in the best interest of all our stakeholders," said David J. Reid, President and CEO. "Having a large strategic investor who is supportive of this growth and buys into our long-term vision is in itself a strong asset as we move forward with an expanded drilling program."

The principal use of proceeds will be to expand the Company's drilling plans for the winter of 2017/2018 and to pursue potential acquisition opportunities. Proceeds from the Financing Transaction will temporarily reduce bank indebtedness and working capital deficits, leaving Delphi's current \$80 million credit facility largely undrawn.

## STRATEGIC RATIONALE

Delphi views this new strategic debt and equity financial partner as aligned with accelerating the capitalization of our large scale development opportunity at Bigstone Montney. The Financing Transaction significantly improves Delphi's liquidity. Post financing, Delphi's \$80 million credit facility is expected to be undrawn as at June 30, 2017. The enhanced liquidity will support an accelerated capital program and will allow Delphi to continue its Bigstone consolidation efforts, following up on its recently announced acquisition of 22.5 net sections of Montney rights.

Delphi's latest well results continue to demonstrate strong economics in today's commodity price environment, and offer high returns on full cycle capital cost and cash netbacks, which supports acceleration of the Company's development plan. The Company's ownership in regional infrastructure combined with available third party infrastructure provides a strategic capital cost and spud to on-stream timing advantage. In addition to improving operating margins from increasing condensate yields, an accelerated growth plan is expected to result in lower per barrel operating cost, general and administrative expense and interest expense. As the drilling program moves westward, well economics are expected to be further improved by greater exposure to growing regional condensate yield and decreasing hydrogen sulfide gradients.

The last five wells that Delphi completed in Bigstone had initial average production over the first 30 days ("IP30") of 1,554 boe/d compared to an average of 1,354 boe/d for the first 28 wells. Virtually all of the difference between the two averages is due to increased field condensate production to 605 barrels per day ("bbls/d") in the most recent five wells from 406 bbls/d in the first 28 wells. Percentage of condensate to total production on initial production rates increased from 30 percent on the first 28 wells to 39 percent in the most recent five wells.

## OUTLOOK

The Company has been able to drill the first 8 (5.1 net) wells of its 13 (8.4 net) well 2017 program ahead of schedule and upon closing of the Financing Transaction will be in a position to increase its capital program. Delphi intends to add a third rig in the fall and double its planned drilling program for the remainder of 2017 to spring breakup in 2018, increasing the number of wells drilled from 10 to 20 wells. The Company drilled six wells in each of 2015 and 2016. Although the full 2018 capital budget and guidance will not be finalized and approved until the fourth quarter of 2017, Delphi anticipates production in the fourth quarter of 2018 to increase by approximately 40 percent, from its current fourth quarter of 2017 expectation of 11,000 to 11,500 boe/d, with the expanded winter drilling program and continued drilling through 2018. Run-rate cash flow in the fourth quarter of 2018 is anticipated to be in the context of \$100 million to \$110 million (assuming commodity pricing similar to the Company's 2017 guidance assumptions). Total debt to cash flow ratio is anticipated to remain at or below the Company's target of 1.5 times through 2018.

|                                |      |      |       |       |
|--------------------------------|------|------|-------|-------|
| Drilling Program (# of wells)  | 2015 | 2016 | 2017  | 2018  |
| Historical and current budgets | 6    | 6    | 13    | 14    |
| Expanded capital program       | -    | -    | 3-5   | 4-8   |
| Total Wells                    | 6    | 6    | 16-18 | 18-22 |

## TRANSACTION DETAILS

The Company has agreed to sell, on a private placement basis, 27,559,055 common shares at an issue price of \$1.27 per

common share, a discount of 3.8% to the closing price of Delphi common shares on the TSX on May 19, 2017, for aggregate gross proceeds of approximately \$35 million (the "Equity Offering").

Furthermore, the Company has agreed to issue an additional \$30 million principal amount of the currently outstanding 10% senior secured Collateralized Exchange Listed™ ("CEL™") Notes (the "Notes Offering"). The re-opening of the CEL™ Notes was priced at 100% of par (plus accrued and unpaid interest) to yield 10% (the "Additional Notes") and will not be issued with any warrants. The Additional Notes are being offered as further notes to Delphi's existing \$60 million aggregate principal amount of 10% senior secured CEL™ Notes due 2021, issued on June 15, 2016 (the "Existing Notes"). The Additional Notes will be issued under the same indenture as the Existing Notes and will be treated as a single class of debt securities with the Existing Notes with identical terms, other than the issue date. The Additional Notes shall be fungible for trading purposes with the Existing Notes. Raymond James is acting as sole placement agent in respect of the Notes Offering.

Both the Equity Offering and the Notes Offering are expected to close on June 13, 2017, subject to necessary regulatory approvals. The common shares and CEL™ Notes issued in connection with the Financing Transaction will be subject to a statutory hold period of four months plus one day from the date of closing, in accordance with applicable securities legislation.

## CREDIT FACILITY UPDATE

The Company's credit facility with Alberta Treasury Branches ("ATB") as syndicate lead and including the Bank of Nova Scotia is in the final stages of its spring review process and is expected to be finalized on or before May 31, 2017.

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.

**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 use of proceeds from the Financing Transaction; impact of the Financing Transaction on Delphi's liquidity; the expected increase to Delphi's capital program; Delphi's drilling plans; expected timing to close the Financing Transaction; expectations of the impact of an accelerated growth plan; expected production; expected cash flow in the fourth quarter of 2018; and expectations regarding the review of the Corporation's credit facility.

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, failure to obtain regulatory approvals for the Financing Transaction, satisfaction of conditions of closing of the Financing Transaction, 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 Measure.** The release contains the terms "cash netbacks" which are not recognized measures under IFRS. The Company uses this measure 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. 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.

FOR FURTHER INFORMATION PLEASE CONTACT:

[Delphi Energy Corp.](#)

300, 500 &ndash; 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

MARK D. BEHRMAN  
CFO