

Delphi Energy Announces Completion of Restructuring Transaction and Changes to Director and Executive Personnel

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CALGARY, Oct. 16, 2020 - [Delphi Energy Corp.](#) (the "Company") is pleased to announce the completion of the previously disclosed restructuring which was implemented pursuant to a plan of compromise and arrangement (the "Plan") under the *Companies Act* and the *Canada Business Corporations Act*. The Plan was sanctioned by order of the Court of Queen's Bench of Alberta under the CCAA granted on September 11, 2020.

Pursuant to the restructuring, among other things:

- Company indebtedness was reduced by approximately \$176.0 million;
- All previously outstanding common shares, warrants and options of the Company were cancelled and extinguished for no consideration and without any return of capital;
- In exchange for an approximately \$22.9 million investment, the Company issued (i) 1,522,181 Class A Common Shares in the capital of the Company (the "New Shares") to Kiwetinohk Resources Corp. (the "KRC"), representing 25% of the issued and outstanding New Shares (on a non-diluted basis), plus (ii) purchase warrants that are exercisable into such number of New Shares as will result in KRC holding 50%+1 of the issued and outstanding New Shares for payment of an aggregate exercise price equal to approximately \$37.5 million;
- In exchange for an \$8.75 million investment, the Company issued an aggregate of 583,332 New Shares, representing approximately 9.6% of the issued and outstanding New Shares, to Luminus Energy IE Designated Activity Company (the "Luminus Energy IE"), Concise Capital Management, LP (the "Concise Capital") and Stornoway Portfolio Management, Inc. (the "Stornoway"), directly and/or through their managed funds;
- The Company issued an aggregate of 3,983,211 New Shares to secured creditors in settlement of amounts owing to them;
- Second lien beneficial noteholders holding \$897,000 face value of second lien notes received an aggregate of \$224,250 of cash payments pursuant to valid Second Lien Opt-Out Elections (as such term is defined in the Plan);
- General unsecured creditors (the "General Unsecured Creditors") of the Company and its subsidiaries with accepted claims less than or equal to \$5,000 (the "Convenience Class Creditors"), and other General Unsecured Creditors who validly made elections to be treated as Convenience Class Creditors, were paid in full up to \$5,000;
- All other General Unsecured Creditors, including second lien beneficial noteholders in respect of a deficiency claim in the aggregate amount of approximately \$86.7 million, became entitled to payment in respect of their accepted claims based on their pro rata share of a General Unsecured Creditor cash pool in the amount of \$3 million, less amounts required to fund payments to Convenience Class Creditors; and
- Delphi granted to certain officers of the Company options (the "Options") and restricted share units entitling them to earn in the aggregate 10% of the issued and outstanding New Shares (on a non-diluted basis). Other than Options and restricted share units and the New Warrants discussed above, there are no other convertible securities of the Company pursuant to which New Shares may be issued.

As a result of the completion of the restructuring, there are 6,088,724 New Shares issued and outstanding. The restructuring and the Plan, as well as the terms and conditions of the New Warrants, are more fully described in the information circular of the Company dated July 29, 2020 filed on SEDAR at www.sedar.com.

The Company is also pleased to announce that, concurrently with completion of the Plan, it has entered into a credit agreement with ATB Financial providing for a \$30 million senior secured revolving credit facility. The facility is available on a revolving basis until May 31, 2021, at which time it may be extended at the

lender's option.

BOARD AND MANAGEMENT CHANGES

In connection with the restructuring, Delphi announces that, effective October 16, 2020,

- David J. Reid, having founded the Company in 2003, has elected to retire as President and Chief Executive Officer, and has resigned from the Board of Directors. Mr. Reid will continue to provide advisory services to the Company.
- Timothy Schneider has been appointed President, Chief Executive Officer and Chairman.
- P. Eric Gallie has been appointed Chief Financial Officer.
- Kevin Brown and Pat Carlson, each a nominee of KRC, have joined as directors.

Timothy Schneider, President and Chief Executive Officer, commented: "We are pleased with the outcome of the CCAA proceedings and grateful for the support of Delphi's employees who remained dedicated to fulfilling their responsibilities despite the arduous restructuring process and strains of the COVID-19 pandemic. The Company will emerge from CCAA stronger and more sustainable, supported by over \$70 million of capital and liquidity secured by the Company from KRC, ATB Financial and the Plan sponsors Luminus Energy, Concise and Stornoway. The last several years have been difficult for the Canadian energy industry but there remains a bright future. The entities that will lead the resurgence of Alberta's oil and gas sector will be the participants with purposeful, focused mandates committed to capital structures optimized for sustainability through the cycle, disciplined capital allocation, rigorous cost management and a willingness to improve operational efficiency via thoughtful implementation of innovative solutions."

Biographies of the Company's new officers and directors are set out below.

Timothy Schneider

Mr. Schneider has spent 15+ years focused exclusively on the energy sector. During that time he has worked for various financial firms spanning investment banking, private equity, venture capital and several public investing platforms. Most recently as the Head of E&P Investments at Luminus where he manages the firm's upstream investment team/portfolio. Mr. Schneider grew up in rural Alberta, received a Bachelor of Arts degree from Middlebury College with a major in Economics and has been a director of Delphi since September 2019.

P. Eric Gallie

Mr. Gallie works as a Senior Analyst in Luminus's upstream investment team and has over 10 years' experience in the energy sector for various financial firms spanning industry, investment banking and public investing platforms. Mr. Gallie holds a Bachelor of Commerce degree from the University of Lethbridge with a major in Finance. Mr. Gallie has been a director of Delphi since September 2019.

Kevin Brown

Mr. Brown is Co-Chair and Director of ARC Financial Corp. (ARC) and a board member of KRC. He is also the Chair of ARC's Investment and Governance Committees and is a member of ARC's Executive Committee. In addition to KRC, Mr. Brown currently represents ARC on the board of KANATA Energy Group Ltd. Mr. Brown joined ARC when it was founded in 1989 and has accumulated over 30 years of energy related finance, investment research, corporate strategy and direct investment experience. Mr. Brown holds a Master of Economics and a Bachelor of Science in Chemical Engineering from the University of Alberta.

Pat Carlson

Mr. Carlson is the CEO of KRC. Prior to this role Mr. Carlson was the founding CEO and Director of [Seven](#)

[Generations Energy Ltd.](#), a company that he led through its IPO in 2014. Prior to that Mr. Carlson was the founding CEO and Director of North American Oil Sands Corporation. Mr. Carlson holds a BSc in Chemical Engineering from the University of Calgary (1975). Mr. Carlson is a Professional Engineer and he has recently been appointed to the executive of the Calgary branch of the Institute of Corporate Directors.

EARLY WARNING DISCLOSURE

The following disclosure is provided pursuant to National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* in connection with the filing of Early Warning Reports regarding the acquisition and cancellation of securities pursuant to the Plan effective October 16, 2020:

- Luminus Energy, of Rocktwist House, Block 1, Western Business Park, Shannon, Co. Clare V14 FW97, Ireland, acquired an aggregate of 2,601,167 New Shares from the treasury of the Company pursuant to the Plan, representing approximately 42.7% of the issued and outstanding New Shares (on an undiluted basis). Immediately prior to implementation of the Plan, Luminus Energy owned nil New Shares and 33,204,500 warrants to purchase common shares (*Existing Warrants*), and indirectly owned 14,065,138 (57%) common shares (*Existing Shares*) of the Company through its indirect subsidiary, Luminus Delphi Holdings II Ltd. Upon implementation of the Plan, all 14,065,138 *Existing Shares* indirectly owned by Luminus Energy and all 33,204,500 *Existing Warrants* owned by Luminus Energy were cancelled for no consideration and without any return of capital. Luminus Energy acquired the New Shares for investment purposes. Luminus Energy may acquire or dispose of additional securities of the Company in the future through the market, privately, or otherwise, as circumstances or market conditions warrant. A copy of the Early Warning Report disclosing the transaction can be obtained on the Company's SEDAR profile at www.sedar.com or from Luminus Energy c/o 1700 Broadway, 26th Floor, New York, NY, 10019 or phone: Shawn Singh at (212) 424-2889 or e-mail legal@luminusmgmt.com.
- Concise, of 1111 Brickell Ave, Suite 1525, Miami, Florida 33131, USA, through its managed funds, acquired an aggregate of 922,708 New Shares from treasury of the Company pursuant to the Plan, representing approximately 15.2% of the issued and outstanding New Shares (on an undiluted basis). Immediately prior to implementation of the Plan, Concise did not own any New Shares or other voting or equity securities (or securities convertible into voting or equity securities) of the Company. Concise acquired the New Shares for investment purposes. Concise may acquire or dispose of additional securities of the Company in the future through the market, privately, or otherwise, as circumstances or market conditions warrant. A copy of the Early Warning Report disclosing the transaction can be obtained on the Company's SEDAR profile at www.sedar.com or from Concise c/o 1111 Brickell Ave, Suite 1525, Miami, Florida 33131, USA or phone: Tom Krasner at (305) 371-4578 x1002 or e-mail ir@concisecapital.com.

- KRC, of 250 – 2 Street S.W., Suite 1900, Calgary, Alberta, T2P 0C1, acquired 1,522,181 New Shares from the treasury of the Company pursuant to the Plan, representing 25.0% of the issued and outstanding New Shares (on a non-diluted basis) as of the date of issuance, together with 3,348,799 New Warrants, which New Warrants are collectively exercisable into such number of New Shares as will result in KRC holding 50%+1 of the New Shares (on a fully diluted basis excluding any New Shares issuable upon the exercise of any Options) as of the date of issuance (being 4,870,980 New Shares assuming 9,741,959 issued and outstanding New Shares (on a fully diluted basis excluding any New Shares issuable upon the exercise of any Options) and 304,436 Options outstanding at such time) upon satisfaction of certain conditions in the future and payment of an aggregate exercise price of \$37,500,000, equal to \$11.20 per New Share (subject to certain adjustments in accordance with the terms of the New Warrants). If any Options are exercised after the initial exercise date of the New Warrants (the “Exercise Date”), the number of New Warrants will be deemed increased on a 1:1 basis by the number of Options so exercised and the New Warrants deemed issued shall also be exercisable for New Shares at an exercise price of \$11.20. The total consideration paid for the New Shares and the New Warrants was \$22,916,670. The consideration paid per New Share or New Warrant is not determinable as the purchase price was not allocated among the securities. Immediately prior to implementation of the Plan, KRC did not own any securities of the Company. On July 5, 2020, KRC, Luminus Energy and the Company entered into an investor agreement (the “Investor Agreement”), which became effective upon completion of the Plan, pursuant to which, among other things: (a) KRC has the right to nominate two directors for election to the board of directors of the Company (the “Board”) comprised of five members prior to the Exercise Date and on and after the Exercise Date, KRC has the right to nominate three directors for election to the Board comprised of five members (subject to maintaining an equity ownership of at least 20% in the Company); (b) from and after the Exercise Date, Luminus Energy shall use its reasonable commercial efforts to cause each of the officers of the Company to resign and cause its director nominees to vote in favour of such officer appointees as are proposed by KRC’s director nominees; (c) until the earlier of the Exercise Date and the expiry of the New Warrants, the Company shall not take action on or implement certain major corporate decisions (collectively, the “Major Decisions”) without the unanimous approval of the Board and the prior written consent of KRC; (d) if any additional New Shares, options to purchase New Shares or securities exchangeable or exercisable for or convertible into New Shares are to be issued by the Company, the Company must first offer to sell to each of KRC and Luminus Energy a number of those additional securities equal to their pro rata entitlement based upon the number of New Shares held by such person at the applicable time (the “Participation Rights”); and (d) in the event KRC exercises the New Warrants, the provisions relating to the composition of Board committees, Major Decisions and Participation Rights will become inoperative and of no further force and effect from and after the Exercise Date. Further, pursuant to the Investor Agreement, the Company agreed to maintain its status as a reporting issuer not in default under applicable Canadian securities laws in each of the provinces of Canada in which it is or becomes a reporting issuer and use its reasonable commercial efforts to complete the listing and posting of the New Shares on a Recognized Exchange by the Listing Deadline (as such terms are defined in the Investor Agreement). The acquisition of the New Shares and the New Warrants by KRC in connection with the completion of the Plan was made for investment purposes. KRC has a long-term view of the investment and subject to applicable law, KRC may from time to time acquire additional securities of the Company or redeem, convert, exercise or otherwise dispose of the New Shares and/or the New Warrants or any New Shares acquired upon exercise of the New Warrants, in each case, including (without limitation) on the open market or through private dispositions in the future depending on market conditions, the terms of any such securities, reformulation of plans and/or other relevant factors. Depending on market conditions, the terms of any such securities, general economic and industry conditions, the Company’s business and financial conditions and/or other relevant factors, KRC may develop such plans or intentions in the future. KRC is an oil and gas company organized under the laws of the Province of Alberta with its head office located at: Suite 1900, 250 – 2nd Street SW, Calgary, Alberta T2P 0C1. A copy of the Early Warning Report with additional information in respect of the foregoing matters will be filed and made available on the Company’s SEDAR profile at www.sedar.com. To obtain a copy of the Early Warning Report, you may also contact Jakub Brogowski, Chief Financial Officer of KRC at (587) 392-4416.

About Delphi Energy Corp.

[Delphi Energy Corp.](#) is a junior E&P producer of liquids-rich natural gas continued under the CBCA. The Company has achieved strong operational results through the development of its high quality Montney property, uniquely positioned in the deep basin of northwest Alberta. Delphi is headquartered in Calgary, Alberta.

FOR FURTHER INFORMATION PLEASE CONTACT:

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