



# PRESS RELEASE

2300, 333 – 7th Avenue S.W. Calgary, Alberta T2P 2Z1  
T (403) 265-6171 F (403) 265-6207 E info@delphienergy.ca www.delphienergy.ca

TSX SYMBOL:  
**DEE**

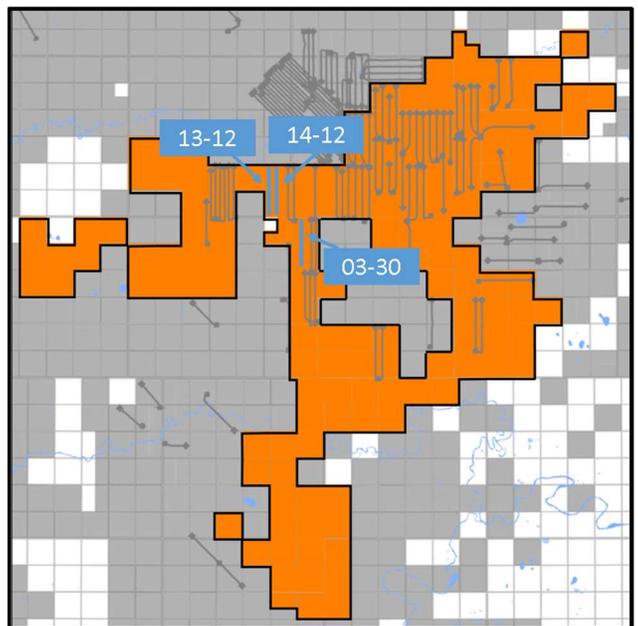
## DELPHI ENERGY CORP. PROVIDES AN OPERATIONS UPDATE

**CALGARY, ALBERTA** – March 27, 2020 – **Delphi Energy Corp. (TSX: DEE)** (“Delphi” or the “Company”) is pleased to provide an operations update on its first three wells of the 2020 capital program.

Completion operations on the Company’s first three Montney wells (3.0 net) in the 2020 drilling program have concluded, with all of the wells expected to be placed on production by months end. These 3 wells are drilled in liquid-rich West Bigstone, in close proximity to existing pipelines, minimizing the tie-in costs.

The first two wells of the 2020 drilling program were the 13-12-60-24W5 (“13-12”) & 14-12-60-24W5 (“14-12”) Montney wells. These wells were drilled from a two well pad with a surface location of 14-36-59-24W5 (“14-36”) situated between Delphi’s two existing producers at 16-10-60-24W5 and 16-12-60-24W5.

Both wells were drilled to a total depth of approximately 6,000 metres with an extended reach horizontal lateral in the Montney of approximately 3,000 metres and were completed with a 65-stage openhole frac design comprised of a 50-stage ball drop and 15-stage plug and perforation system. Approximately 5,200 tonnes of proppant and 30,000 cubic metres of water were pumped in each of these wells. Both wells were flowed on clean-up for approximately three days. During the flowback, the 13-12 and 14-12 recovered approximately 12 and 10 percent of the initial load frac water, respectively.



Over the last 24 hours prior to running production tubing,

- the 13-12 well flowed on clean-up at an average rate of 3.9 million cubic feet of natural gas per day (“mmcf/d”) of raw gas and 1,205 barrels per day (“bbls/d”) of 47 degree API field condensate (357 bbls/mmcf of sales gas). Total sales production rate for 13-12 over this 24 hour period was approximately 1,907 barrels of oil equivalent per day (“boe/d”) (70 percent liquids), including an estimated plant natural gas liquids (“NGL”) yield of 41 bbls/mmcf of sales gas;
- the 14-12 well flowed on clean-up at an average rate of 3.9 mmcf/d of raw gas and 1,204 bbls/d of 47 degree API field condensate (359 bbls/mmcf of sales gas). Total sales production rate for 14-12 over this 24 hour period was approximately 1,901 boe/d (70% liquids), including an estimated plant NGL yield of 41 bbls/mmcf of sales gas.

The third Montney well of the 2020 drilling program was the 03-30-59-23W5 (“03-30”), drilled west of the existing 03/16-31-59-23W5 well. The 03-30 well was drilled to a total depth of 6,040 metres with an extended-reach horizontal lateral in the Montney of 2,824 metres and was completed with a 60-stage openhole frac design comprised of a 40-stage ball drop and 20-stage plug and perforation system. Approximately 6,000 tonnes of proppant and 30,000 cubic metres of water were pumped in this well. The maximum pump rate on this well was 16 m<sup>3</sup>/min compared to a historical corporate average of 12 m<sup>3</sup>/min. The well was flowed on clean-up for approximately 100 hours, recovering approximately 15 percent of the initial load frac water. Over the last 24

hours prior to running production tubing, the well flowed on clean-up at an average rate of 2.9 mmcf/d of raw gas and 1,640 bbls/d of 45 degree API field condensate (650 bbls/mmcf of sales gas). Total sales production rate over this 24 hour period was approximately 2,165 boe/d (81% liquids), including an estimated plant NGL yield of 41 bbls/mmcf of sales gas.

### Capital Costs Significantly Reduced

The average timing from spud to total depth and spud to rig release was 12.8 days and 17.2 days, respectively, for the three Montney wells mentioned above with average drilling cost of \$3.4 million per well. Significant changes to the Company's drilling practice (as further detailed in Delphi's press release dated March 11, 2020) resulted in average drill time reductions of 14 days per well as well as estimated cost savings of \$1.2 million per well when compared to Delphi's 2019 drilling program results.

The completion operations conducted on the three wells also realized significant cost savings due to better planning of sand and water management logistics, improved wellsite layout and supervision, a revised procurement process and improved execution. This resulted in more efficient pumping times with less down time. Although actual costs from the three wells are not yet finalized, current field estimates would indicate completion costs are within a range of \$4.0 to \$4.5 million. This results in estimated savings of \$1.3 million per well when compared to Delphi's 2019 completion program results.

### Historical Drilling and Completions Performance Overview

On Production Year	Well Count	Spud to RR (days)	Drill Days	Stage Count	Total Sand (tonnes)	Drilling Cost (C\$,000)	Completions Cost (C\$,000)	Total (C\$,000)
2015 & Prior	24	42	35	29	2,007	\$5,361	\$4,710	\$10,071
2016	6	33	28	39	3,918	\$3,985	\$3,721	\$7,706
2017	15	33	28	40	4,634	\$3,744	\$4,305	\$8,049
2018	12	31	25	49	4,291	\$4,125	\$5,216	\$9,341
2019	4	33	27	60	4,771	\$4,594	\$5,578	\$10,172
2020	3	17.2	12.8	63	5,467	\$3,400	\$4,200	\$7,600

Delphi remains strongly encouraged by these recent capital cost reductions and strong flowback results and sees further optimization opportunities going forward. Drilling cost of \$3 million or slightly lower per well could be realized by drilling multi-well pads (3 to 4 wells per pad) and using cemented liners. Completions costs may be further reduced from current targets by Delphi: by realizing multi-well pad efficiencies, self-sourcing proppant, utilizing a bi-fuel spread, and, through considering further infrastructure investment such as source water handling.

### Hedging

Delphi's realized prices for condensate and NGL in 2020 are well protected by WTI crude oil swap contracts for an average volume of 1,021 barrels per day ("bbl/d") at an average price of \$82.23 per barrel ("bbl") and Conway propane swap contracts for an average volume of 100 bbl/d at an average price of \$43.23 per bbl. In addition, the Company has purchased a put option for an average of 686 bbl/d in 2020 at Cdn\$78.00 per bbl and has sold a put option for an average of 686 bbl/d in 2020 at Cdn\$58.00 per bbl.

The Company's realized price for natural gas in 2020 is protected by NYMEX HH natural gas swap contracts for an average volume of 5,600 million British thermal units per day ("mmbtu/d") at an average price of \$3.54 per million British thermal units ("mmbtu") and Chicago – NYMEX natural gas basis swap contracts for an average volume of 1,021 mmbtu/d at an average basis discount of \$0.18 per mmbtu, resulting in an average swap price of \$3.36 per mmbtu in Chicago.

Hedging contracts in place for 2020 protect the realized price for approximately 40 percent of Chicago natural gas sales and approximately 65 percent of field condensate and NGL sales combined, based on production in the fourth quarter of 2019.

Delphi's commodity risk management contracts were valued at \$6.3 million as at December 31, 2019. Based on the current volatility and significant drop in WTI prices, Delphi's risk management contract value has more than tripled since December 31, 2019.

## **Corporate Update**

First quarter capital spending is now forecast to be approximately \$27 million, or \$6 million lower than budgeted as a result of improved drilling and completion costs on the three 100 percent working interest wells drilled in the first quarter as part of the Recapitalization Transaction ("Transaction") commitments. Approximately \$25 million of the \$27 million program was funded from the \$31 million of gross proceeds released to the Company as part of the Transaction, resulting in nearly all of the funds flow generated in the first quarter being used to reduce bank indebtedness.

The continued success of Delphi's new well results, now achievable at 25 to 30 percent lower costs, further highlights the underlying potential value of the 147 gross sections of Montney acreage held by the Company within the Bigstone area.

The Company will take the next several months through spring breakup to assess the second half 2020 capital spending levels within the context of volatile and uncertain commodity prices. As part of the Transaction, Delphi has \$15.5 million of remaining proceeds available to be drawn, under certain conditions. Given current commodity prices, the Company would likely defer further drilling plans until commodity prices exhibit signs of improvement.

Delphi also continues to pursue initiatives to enhance the underlying value of the assets for the benefit of all of its stakeholders. The current environment presents its own unprecedented challenges, however the continued high level of engagement in pursuit of value enhancing initiatives gives credibility to the attractiveness of the Company's Bigstone Montney asset base.

The Company reports that Mr. Darwin Little, interim Chief Financial Officer, has fulfilled his contract period and has chosen to pursue other opportunities. The board of directors of Delphi thanks Mr. Little for his contribution to the Company and wishes him the best in his new endeavours. The Company has begun an executive search and expects a replacement to be identified in a timely manner.

The Company has also made significant positive changes to its corporate structure and culture over the past six months, beginning with a reconstituted Board of Directors, followed by several changes to the leadership team and operations personnel. A 25 percent reduction in the Calgary office staff level has resulted in a material 33 percent reduction in salary costs. These positive changes have yielded immediate and material changes to our operating results.

Delphi also announces that it intends to rely on exemptive relief recently granted by Canadian securities regulatory authorities that allows it to delay the filing of its annual information form required by section 6.2 of National Instrument 51-102 and its statement of reserves data and other information required by section 2.1 of National Instrument 51-101 (collectively, the "2019 AIF") by March 30, 2020. In response to the coronavirus disease 2019 (COVID-19) pandemic, securities regulatory authorities in Canada have granted a blanket exemption allowing issuers an additional 45 days to complete their regulatory filings. Delphi estimates that its 2019 AIF will be available for filing on or before April 25, 2020. Until such time as the 2019 AIF is filed, Delphi's management and other insiders are subject to a trading blackout that reflects the principles contained in section 9 of National Policy 11-207 – *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*. There have been no material business developments since the date of Delphi's audited consolidated financial statements for the years ended December 31, 2019 and 2018 that were filed on March 12, 2020, a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

On behalf of the Board of Directors, the Company would like to take this opportunity to thank all Delphi's Calgary Office staff, field personnel, service company employees, and other business relationships for their efforts in maintaining a high level of engagement and commitment to progressing Delphi's business interests during such a difficult time. Our priorities remain that each and every one of you stay safe and healthy.

### **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 – 7<sup>th</sup> Avenue S.W.  
Calgary, Alberta  
T2P 2Z1

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

**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 the Company's expected AIF filing date, 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: satisfaction of all conditions to completion of the Recapitalization Transaction; the timely receipt of required regulatory, shareholder, noteholder, lender and other approvals; 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](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. "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", "total cash revenues", "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. Delphi has defined total cash revenues as the sum of crude oil and natural gas revenues, marketing revenue (excluding Permanent Assignment Transaction) and realized gains on risk management contracts. Management uses this measure to assess the revenues from operations and risk mitigation activities. 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 and 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.