Delphi Energy Corp.

ANNUAL INFORMATION FORM
For the year ended December 31, 2017

March 29, 2018

TABLE OF CONTENTS

INTRODUCTORY INFORMATION

In this Annual Information Form (this "AIF"), unless otherwise specified or the context otherwise requires, reference to "Delphi" or the "Corporation" includes reference to subsidiaries of and partnership interests held by Delphi Energy Corp. and its subsidiaries.

Defined terms, abbreviations and conversions used throughout this AIF which are not defined or explained in the text can be found in Appendix "C".

Unless otherwise specified, all dollar amounts are expressed in Canadian dollars, all references to "dollars" or "$" are to Canadian dollars and all references to "US$" are to United States dollars.

FORWARD-LOOKING INFORMATION

This AIF contains certain forward-looking information or forward-looking statements within the meaning of applicable securities legislation (collectively "forward-looking information"). Forward-looking information typically contains statements with words such as "anticipate", "expect", "believe", "plan", "estimate", "may", "will", "should", "intends" or similar words suggesting future outcomes. Forward-looking information contained in this AIF includes, but is not limited to, statements regarding:

- *Business prospects and strategy;*
- *Planned capital expenditures;*
- *Planned operating expenditures, including the Corporation's ability to reduce operating expenses in 2018 as a result of prior investment in various infrastructure projects;*
- *Expected timing for completion and commissioning of a new amine facility to process gas from the Montney;*
- *Expected results from the Corporation's portfolio of oil and gas assets;*
- *Planned drilling, exploration and development, including the Corporation's ability to accelerate drilling activity;*
- *Future net cash flows and discounted cash flows;*
- *Future tax horizon;*
- *The ability of the Corporation to fund its capital program and future development through cash flow from operations, debt financing, proceeds from dispositions and new equity;*
- *Future development, abandonment and reclamation costs and the timing thereof; and*
- *Expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance (financial or otherwise).*

The forward-looking statements contained in this AIF are based on certain assumptions, including expectations and assumptions relating to 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; Delphi's ability to market oil and natural gas successfully to current and new customers; future well production rates; the performance of existing wells; the success of drilling new wells; and the capital availability to undertake planned activities.*

Readers are cautioned not to place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by Delphi and actual results may vary materially from such forecasts, predictions and projections. By its nature, Delphi's forward-looking information involves numerous known and unknown risks, including those discussed under the heading "Risk Factors", and uncertainties including, but not limited to, the following factors: general global economic and business conditions including the effect, if any, of a potential economic slowdown in the U.S. and/or Canada; changes in business strategies; operational risks in development, exploration and production; delays or changes to plans with respect to exploration or development projects or capital expenditures; the ability to access sufficient capital from internal and external resources; the availability and price of energy commodities from the perspective of both a producer and a user of such commodities; the effects of competition and pricing pressures; industry overcapacity; shifts in market demands; changes in laws and regulations, including environmental and regulatory laws such as the imposition of restrictions in response to environmental concerns with respect to the production of oil and gas; potential increases in maintenance and operating costs; uncertainties of litigation; labour disputes; timing of completion of capital or maintenance projects; currency and interest rate fluctuations; various events which could disrupt operations, including severe weather conditions; and technological changes. 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 profitably produced in the future. Readers are cautioned that the forgoing list of factors is not exhaustive. The forward-looking statements in this AIF are expressly qualified by this cautionary statement.

Delphi does not undertake any obligation to publicly update or revise any forward-looking statement unless required by applicable law. Further, readers should also carefully consider the matters discussed under the heading "Risk Factors" in this AIF.

CORPORATE STRUCTURE

Name, Address and Incorporation

Delphi Energy Corp. was formed under the *Business Corporations Act* (Alberta) ("ABCA") through the amalgamation of DT Energy Ltd. and Rise Energy Ltd. on June 19, 2003 pursuant to a plan of arrangement under the ABCA. On January 1, 2004, the Corporation amalgamated with its wholly-owned subsidiaries, Murias Energy Corporation and Fish Creek Resources Inc., which it had acquired in 2003. On February 1, 2005, the Corporation amalgamated with its wholly-owned subsidiary, Tercero Energy Inc., which it had acquired in 2004. On December 31, 2009, the Corporation amalgamated with its wholly-owned subsidiary, Fairmount Energy Inc., and subsequently with its wholly-owned subsidiaries, FMTSK Energy Inc. and FMT Energy VI Inc., which had been acquired as part of the Corporation's acquisition of Fairmount Energy Inc. in 2009.

The Corporation has its registered office at 2500, 450 – 1st Street S.W., Calgary, Alberta T2P 5H1 and its head and principal office at Suite 2300, 333 - 7th Avenue S.W., Calgary, Alberta, T2P 2Z1.

Inter-corporate Relationships

As of the date of this AIF, the Corporation has a wholly-owned subsidiary, Delphi Energy Ltd., a corporation incorporated under the ABCA. Delphi Energy Corp. and Delphi Energy Ltd. are the partners of Delphi Energy Partnership, established on December 30, 2005 under the laws of the Province of Alberta.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The three year history of the Corporation is as follows:

<u>2015</u>

Disposition of Developed Properties

During the third quarter of 2015, Delphi closed the sale of its Wapiti assets for net proceeds of $48.9 million after closing adjustments. The disposed assets were producing approximately 1,245 boe/d (69 percent natural gas) and included 85.5 gross (48.9 net) sections of land.

During the fourth quarter of 2015, Delphi closed the sale of its Hythe assets and parts of its miscellaneous Alberta and British Columbia assets for net proceeds of $11.4 million after closing adjustments. The Hythe assets were producing approximately 1,057 boe/d (94 percent natural gas) and included 274.1 gross (166.4 net) sections of land.

Delphi applied the proceeds from the two dispositions against its outstanding indebtedness.

Syndicated Credit Facility

The Corporation's senior extendable revolving credit facility was re-determined giving effect to the dispositions in 2015, the Corporation's risk management program, the Corporation's reserves and the lenders' view of future commodity prices. The senior credit facility was reduced by $57.5 million to $132.5 million, consisting of a $15.0 million operating facility and a $117.5 million revolving facility.

<u>2016</u>

Disposition of Developed Properties

During the fourth quarter of 2016, Delphi entered into a strategic agreement with an existing working interest partner for proceeds of $54.6 million (including purchase price adjustments) to accelerate the growth of its Bigstone Montney area. Pursuant to the agreement, Delphi disposed of assets that were producing approximately 450 boe/d and included 25.4 net sections of undeveloped Montney land and 8.8 net sections of developed Montney land, and acquired 2.3 net sections of undeveloped Montney land (resulting in a net reduction of 23.2 sections of undeveloped Montney land). The transaction was completed in December 2016.

In addition, Delphi received $4.6 million in consideration for a gross overriding royalty granted on two wells that were completed in the first quarter of 2016.

Delphi applied the proceeds from the two transactions against its outstanding indebtedness.

Senior Secured Notes and Warrant Offering

On June 15, 2016, Delphi issued 60,000 units, each consisting of a $1,000, 10 percent senior secured note and 245 common share purchase warrants, for aggregate gross proceeds of $60.0 million. The senior secured notes mature on July 15, 2021. Interest is payable quarterly to the holders of record on April 1, July 1, October 1 and January 1. The senior secured notes are redeemable at the Corporation's option, in whole or part, commencing June 15, 2018 at the following specified redemption prices (expressed as a percentage of the principal amount): 2018 at 107.5 percent, 2019 at 105.0 percent and 2020 and thereafter at 100.0 percent. Prior to June 15, 2018, Delphi has the option to redeem up to 50 percent of the senior secured notes at a redemption price of 110.0 percent plus accrued interest with an amount of cash not greater than the net cash proceeds of certain equity offerings.

Delphi applied the proceeds of the offering against its senior and subordinated credit facilities.

Syndicated Credit Facility

The Corporation's senior extendable revolving credit facility was re-determined in the second quarter of 2016, based on the Corporation's risk management program, the Corporation's reserves and the lenders' view of future commodity prices. The senior credit facility was reduced by $47.5 million to $85.0 million, consisting of a $10.0 million operating facility and a $75.0 million revolving facility.

2017

Syndicated Credit Facility

In January 2017, Delphi entered into a new $80.0 million senior secured revolving credit facility with a banking syndicate comprised of Canadian chartered banks. During the fourth quarter of 2017, Delphi's lenders completed the semi-annual review of the Corporation's senior credit facility and increased the borrowing base to $95.0 million. The facility is a 364 day committed facility available on a revolving basis until May 29, 2018, at which time it may be extended at the lenders' option. If the revolving period is not extended, the undrawn portion of the facility will be cancelled and the amount outstanding would be required to be repaid at the end of the non-revolving term, being May 30, 2019. The non-extension provisions are applicable to the lenders on an individual basis. The syndicated credit facility is secured by a $200.0 million demand floating charge debenture and a general security agreement over all assets of the Corporation.

Private Placement

On June 7, 2017, Delphi completed a private placement financing for aggregate gross proceeds of approximately $65.0 million, pursuant to which Delphi issued an additional $30.0 million principal amount of 10 percent senior secured notes and 27.6 million common shares at a price of $1.27 per share for gross proceeds of $35.0 million. The senior secured notes have a principal amount of $1,000 each and were issued at a discount to par. The senior secured notes mature on July 15, 2021. Interest is payable quarterly to the holders of record on the immediately preceding April 1, July 1, October 1 and January 1. The senior secured notes are redeemable at the Corporation's option, in whole or part during the twelve month period beginning on June 15 of the years indicated at the following specified redemption prices (expressed as a percentage of the principal amount): 2018 at 107.50 percent, 2019 at 105.00 percent and 2020 and thereafter at 100.00 percent. Prior to June 15, 2018, Delphi has the option to redeem up to 50 percent of the senior secured notes at a redemption price of 110.00 percent plus accrued interest with an amount of cash not greater than the net cash proceeds of certain equity offerings. The senior secured notes are secured on a second-priority basis by substantially all of the Corporation's assets and are subordinate to indebtedness under the senior credit facility. The proceeds from the issuance of senior secured notes and common shares were used to temporarily repay outstanding indebtedness, to fund the Corporation's capital program and for general corporate purposes.

Acquisition of Undeveloped Properties

The Corporation acquired 14.5 (13.5 net) sections of Montney rights in the Bigstone area contiguous to the Corporation's current Montney lands for $2.2 million.

NARRATIVE DESCRIPTION OF THE BUSINESS

General

Delphi is a public corporation engaged in the acquisition for and exploration, development and production of crude oil, natural gas and natural gas liquids in western Canada. Delphi's operations are principally concentrated in Northwest Alberta at Bigstone. Delphi believes that the following fundamental principles which underpin its growth strategy provide Delphi with a competitive advantage:

- Delphi has large contiguous land positions complete with ownership in strategic infrastructure, which provide repeatable and scalable project inventory with capital and production cost structure advantages;

- the robust revenue generating quality of Delphi's NGL production stream and inventory of high liquids content growth opportunities is a natural hedge against natural gas price weakness, which still allows Delphi to maintain significant exposure to a recovery in natural gas prices;

- Delphi maintains direct control over its core assets, operating over 90 percent of its production and its capital program;

- Delphi maintains an active hedging program with a forward-looking 12 to 48 month hedge position, providing protection through to simple payout of the drilling and completion portion of its capital program; and

- Delphi maintains financial stability and strength through prudent capital to cash flow, debt to cash flow and debt to equity ratios.

The Corporation continuously evaluates both crude oil and natural gas opportunities. Delphi funds its capital program through cash flow from operations, debt financing, proceeds from dispositions and strategic use of new equity when appropriate.

Areas of Operations

Delphi's core operating area, Bigstone, is in the Deep Basin of Northwest Alberta. The stacked, multi-zone opportunities that contain liquids rich natural gas and oil make it an attractive area in the industry. The area is also extensively covered by the infrastructure required to bring hydrocarbon products to market.

Bigstone Montney

The liquids-rich Montney development project is located in the Bigstone area of Alberta, 150 kilometres southeast of Grande Prairie. The Montney formation is recognized as one of the world's greatest deposits of hydrocarbons. It covers vast distances and many areas are now exploited with horizontal drilling combined with hydraulic fracturing. As the database of Montney production expands, a divergence between higher and lower economic value areas becomes apparent. Delphi's Bigstone Montney has the combination of high deliverability, high liquid ratios and access to markets that make it a higher value area.

Delphi continued to concentrate on Bigstone Montney throughout the 2017 year. As of December 31, 2017, Delphi had a working interest in a total of 120.5 (79.8 net) sections of undeveloped land as part of 168.5 (110.8 net) sections of total land prospective for liquids-rich gas in the Montney formation.

In 2017, Montney production averaged 7,524 boe/d, or 90 percent of corporate production. The Montney production comes with a high liquids yield. In 2017, production from the Montney averaged a liquid yield (propane, butanes, pentanes and condensate) of 116 bbls/mmcf. Of this, the valuable field and plant condensate was 82 bbls/mmcf, or 71 percent. Condensate pricing tracks light oil pricing, increasing the netbacks on Bigstone Montney production significantly.

At the end of 2016, Delphi entered into a strategic agreement with an industry partner, which allowed Delphi to accelerate its drilling activity in 2017, drilling 17 (11.0 net) long-reach horizontal wells. These wells had an average horizontal lateral in the Montney of over 2,800 metres. Significant technological advances in completion liners have allowed Delphi to increase the number of fracs it places in the horizontal laterals, up to 50 in the past year from 30 in previous years. Changes in sand concentrations, slickwater volumes and pump rates have also contributed to the evolution of Delphi's completion techniques.

Production from the Montney is produced through the Corporation's 65 percent owned 7-11-60-23 W5M compression and dehydration facility. In 2017, Delphi invested in various infrastructure projects to handle additional sales and water disposal volumes, which is anticipated to provide for reduced operating expenses in 2018. Delphi constructed over 21 kilometres of main gathering and associated fuel gas pipelines and over five kilometres of well tie-in and associated fuel gas pipelines. The Corporation acquired a 17 Mmcf/d amine processing package to sweeten natural gas from the Montney and allow it to be processed at a 25 percent Delphi owned facility rather than through third-party processers. Completion and commissioning of the amine facility is expected during the second quarter of 2018.

Currently, the majority of Delphi's Montney gas is processed at the SemCAMS K3 facility. The natural gas is then sold into the Chicago market via Delphi's full-path firm service with Alliance Pipeline. Selling the natural gas in Chicago significantly reduces the Corporation's exposure to pipeline restrictions and natural gas price weakness experienced in Alberta.

Bigstone Cretaceous

The sweet natural gas production from the shallower Cretaceous zones at Bigstone is the Corporation's second largest producing asset, contributing an average of 939 boe/d of production in 2017, with 14 percent as oil and natural gas liquids. The Corporation has an average working interest of 73 percent in 80.3 sections of land in the Cretaceous zones at Bigstone. Important infrastructure ownership in the area for this production includes the Corporation's 25 percent working interest in the Bigstone West gas plant, with a gross capacity of 85 Mmcf/d. In addition, the Corporation has over 40 kilometres of field gathering infrastructure as well as a 100 percent working interest in a 15 Mmcf/d sweet shallow cut natural gas processing plant at West Bigstone.

Employees

As at December 31, 2017, the Corporation employed or retained the services of 25 individuals (including personnel hired on a contract basis) at its head office in Calgary, Alberta. In addition, Delphi retained the services of 16 individuals in field operations in various locations in Alberta as at December 31, 2017.

Specialized Skill and Knowledge

The Corporation's business requires the application of high levels of technical skill in the areas of geology, geophysics and reservoir engineering, well drilling and completions and well production operations. Delphi has assembled a team of skilled technical experts who provide the technical skills required to succeed in its business. See "Risk Factors – Reliance on Key Personnel".

Cycles

The oil and natural gas business is cyclical. Oil and natural gas prices fluctuate with global demand for oil, which is dependent on a number of factors, including the health of the global economy and political conditions locally, nationally and internationally. In addition, the oil and natural gas industry in Alberta is influenced by seasonal weather patterns. A mild winter or wet spring may result in limited access to drilling sites and related facilities and hence, may result in the reduction or suspension of operations. Unpredictable weather can also cause delays in implementing and completing field projects. Municipalities and provincial transportation departments enforce road bans that restrict the movement of drilling rigs and other heavy equipment during periods of wet weather, thereby reducing activity levels. Also, certain oil and natural gas producing areas are located in areas that are inaccessible other than during the winter months because of the swampy terrain surrounding these sites. Seasonal interruptions in drilling and construction operations do occur but are expected and accounted for in the budgeting and forecasting process.

Competitive Conditions

Delphi competes for reserve acquisitions, exploration leases, licences and concessions and skilled industry personnel with a substantial number of other oil and natural gas companies, many of which have significantly greater financial resources than Delphi. The Corporation's competitors include major integrated oil and natural gas companies and numerous other independent oil and natural gas companies and individual producers and operators.

Some of Delphi's customers and potential customers are themselves exploring for oil and natural gas, and the results of such exploration efforts could affect the Corporation's ability to sell or supply oil and/or natural gas to these customers in the future. Delphi's ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with its future industry partners and joint operators and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment. Alberta provincial mineral rights sales are a competitive bid process and the Corporation assesses its interpretation of the value of such lands and then submits a bid. Field equipment availability is competitive and the Corporation continues to gain access to it through prior agreements and contacts.

Hiring and retaining technical and administrative personnel continues to be a competitive process. To meet this challenge, the Corporation rewards existing employees and provides opportunities for staff to participate in the equity of the Corporation.

Seasonal Considerations

Certain properties in Northern Alberta are accessible only during winter months. The majority of Delphi's properties are accessible year round, except during spring break-up. Major facilities through which Delphi's production is processed may temporarily be shut down for a short period of time during the year to conduct repair and maintenance operations.

Environmental Protection

Delphi is subject to a range of environmental regulations, as are its competitors in the oil and natural gas industry. The Corporation has also adopted a corporate procedures manual that provides employees with detailed instructions on how they are to fulfill their responsibilities at an operational level (e.g. procedures to follow in the event of a spill).

As the environmental regulations applicable to the Corporation are also applicable to its competitors, environmental protection did not affect the competitive position of the Corporation in 2017, nor did the Corporation incur any material environmental protection or regulatory costs out of the ordinary course of business in 2017.

Oil and Gas Activities

National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities" ("NI 51-101") establishes a standard of disclosure for all Canadian reporting issuers in upstream oil and natural gas activities and reserves definitions for proved and probable reserves categories. The reserves disclosure presented below conforms to the requirements of NI 51-101. All of the Corporation's reserves are in western Canada, specifically in the province of Alberta.

The Corporation engaged GLJ Petroleum Consultants Ltd. ("GLJ"), independent qualified reserves evaluators, to evaluate and report on 100 percent of the Corporation's proved and proved plus probable reserves. The crude oil, natural gas and natural gas liquids reserves of the Corporation were evaluated by GLJ, with an effective date of December 31, 2017 in a report dated March 1, 2018 (the "GLJ Report").

NI 51-101 reports of GLJ, and of the management of Delphi respecting the following reserves data can be found in Appendix "A" and Appendix "B", respectively.

Definitions, abbreviations, notes and conversions used throughout the following tables can be found in Appendix "C".

The use of the boe unit of measurement may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf of natural gas to 1 barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the

wellhead. The estimated future net revenue contained in the following tables does not represent the fair market value of reserves associated with Delphi's assets and properties. Tables may not add due to rounding.

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

<u>Reserves Data (Forecast Prices and Costs)</u>

Reserves Summary

	Conventional Natural Gas (Mmcf)		**Shale Gas (Mmcf)**		**Natural Gas Liquids (Mbbls)**		**Boe (6:1) (Mboe)**	
	Gross[1]	**Net[2]**	**Gross[1]**	**Net[2]**	**Gross[1]**	**Net[2]**	**Gross[1]**	**Net[2]**
Proved [3] [6]								
Developed producing[4]	7,448	6,578	50,608	44,686	5,139	3,851	14,815	12,395
Developed non-producing[4]	922	859	1,782	1,665	185	162	636	583
Undeveloped[5]	-	-	41,540	38,906	4,479	4,021	11,403	10,505
Total proved	8,370	7,437	93,931	85,257	9,803	8,034	26,853	23,483
Probable[3] [6]	6,784	6,099	76,377	68,515	7,772	6,172	21,633	18,608
Total proved plus probable	15,154	13,536	170,307	153,771	17,576	14,206	48,486	42,091

Net Present Value of Future Net Revenue Summary

	Before Income Taxes Discounted at					**Unit Value Before Income Tax Discounted at 10%**	
	0%	**5%**	**10%**	**15%**	**20%**		
	($ 000's)	**($ 000's)**	**($ 000's)**	**($ 000's)**	**($ 000's)**	**$/boe**	**$/Mcfe**
Proved [3] [6]							
Developed producing [4]	195,971	161,745	138,322	121,706	109,423	11.16	1.86
Developed non-producing [4]	11,431	9,352	7,906	6,867	6,094	13.56	2.26
Undeveloped [5]	145,793	85,602	49,797	27,239	12,279	4.74	0.79
Total proved	353,195	256,699	196,025	155,811	127,795	8.35	1.39
Probable [3] [6]	336,224	182,254	109,375	70,826	48,419	5.88	0.98
Total proved plus probable	689,418	438,952	305,400	226,637	176,215	7.26	1.21

	After Income Taxes Discounted at				
	0%	**5%**	**10%**	**15%**	**20%**
	($ 000's)	**($ 000's)**	**($ 000's)**	**($ 000's)**	**($ 000's)**
Proved (3) (6)					
Developed producing (4)	195,971	161,745	138,322	121,706	109,423
Developed non-producing (4)	11,431	9,352	7,906	6,867	6,094
Undeveloped (5)	145,793	85,602	49,797	27,239	12,279
Total proved	353,195	256,699	196,025	155,811	127,795
Probable (3) (6)	259,629	148,134	92,853	62,270	43,741
Total proved plus probable	612,824	404,833	288,878	218,081	171,536

Total Future Net Revenue (Undiscounted)

	Revenue	**Royalties**	**Operating Costs**	**Capital Development Costs**	**Well Abandonment and Reclamation Costs**	**Future Net Revenue Before Income Taxes**	**Income Taxes(8)**	**Future Net Revenue After Income Taxes**
	($ 000's)	**($ 000's)**	**($ 000's)**	**($ 000's)**	**($ 000's)**	**($ 000's)**	**($ 000's)**	**($ 000's)**
Proved (3) (6)								
Developed producing(4)	505,569	88,013	208,478	403	12,704	195,971	-	195,971
Developed non-producing(4)	20,073	1,976	5,345	1,040	280	11,431	-	11,431
Undeveloped(5)	419,832	42,650	78,387	148,999	4,003	145,793	-	145,793
Total proved	945,473	132,639	292,211	150,443	16,986	353,195	-	353,195
Probable(3) (6)	867,730	138,661	262,287	124,525	6,033	336,224	76,595	259,629
Total proved plus probable	1,813,203	271,300	554,498	274,967	23,019	689,418	76,595	612,824

Future Net Revenue by Product Type

Reserve Category	**Product Type**	**Future Net Revenue Before Income Taxes (discounted at 10%)**		
		($ 000's)	$/boe	$/Mcfe
Proved Producing	Conventional natural gas (including by-products)	4,653	3.78	0.63
	Shale gas (including by-products)	133,668	11.97	2.00
	TOTAL	138,322	11.16	1.86
Total Proved	Conventional natural gas (including by-products)	6,116	4.43	0.74
	Shale gas (including by-products)	189,909	8.59	1.43
	TOTAL	196,025	8.35	1.39
Total Proved Plus Probable	Conventional natural gas (including by-products)	12,785	4.92	0.82
	Shale gas (including by-products)	292,615	7.41	1.23
	TOTAL	305,400	7.26	1.21

Summary of Pricing Assumptions

This summary table identifies the benchmark reference pricing provided by GLJ, Delphi's independent qualified reserves evaluators, and used in the evaluation of the Corporation's reserves.

	Light and Medium Oil		Natural Gas Liquids			Conventional Natural Gas and Shale Gas		Inflation Rate	Exchange Rate
Pricing assumptions	**West Texas Intermediate Cushing Oklahoma (US$/bbl)**	**Edmonton Par Price 40 API (Cdn$/bbl)**	**Edmonton Propane (Cdn$/bbl)**	**Edmonton Butane (Cdn$/bbl)**	**Edmonton Pentanes Plus (Cdn$/bbl)**	**U.S. Henry Hub Gas Price (US$/Mmbtu)**	**AECO/NIT spot price (Cdn$/Mmbtu)**	**%/year**	**US$/Cdn$**
Forecast									
2018	59.00	70.25	40.40	53.74	76.42	2.85	2.20	2.0	0.7900
2019	59.00	70.25	36.53	49.18	74.68	3.00	2.54	2.0	0.7900
2020	60.00	70.31	35.93	49.22	74.38	3.25	2.88	2.0	0.8000
2021	63.00	72.84	36.06	50.99	77.16	3.50	3.24	2.0	0.8100
2022	66.00	75.61	36.29	52.93	79.88	3.70	3.47	2.0	0.8200
2023	69.00	78.31	37.59	54.82	82.53	3.86	3.58	2.0	0.8300
2024	72.00	81.93	39.33	57.35	86.14	3.94	3.66	2.0	0.8300
2025	75.00	85.54	41.06	59.88	89.76	4.02	3.73	2.0	0.8300
2026	77.33	88.35	42.41	61.84	92.57	4.10	3.80	2.0	0.8300
2027	78.88	90.22	43.30	63.15	94.43	4.18	3.88	2.0	0.8300
2028+	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	2.0	0.8300

The Corporation received the following weighted average prices in 2017, excluding gains and losses on financial and physical commodity price contracts.

Shale gas ($/mcf)	Conventional Natural gas ($/mcf)	Natural gas liquids ($/bbl)	Total ($/boe)
3.98	2.55	50.19	33.22

Reconciliation of Corporation's Gross [(1)] Reserves Using Forecast Prices and Costs

	Conventional Natural Gas (Mmcf)			Shale Gas (Mmcf)		
	Proved	**Probable**	**Proved Plus Probable**	**Proved**	**Probable**	**Proved Plus Probable**
December 31, 2016	9,357	6,934	16,292	67,316	62,193	129,509
Extensions and Improved Recovery	-	-	-	43,199	24,872	68,071
Technical revisions	811	(3)	808	(6,854)	(10,584)	(17,438)
Acquisitions	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-
Economic factors	(173)	(147)	(320)	(7)	(104)	(111)
Production	(1,626)	-	(1,626)	(9,724)	-	(9,724)
December 31, 2017	8,370	6,784	15,154	93,931	76,377	170,307

	Natural Gas Liquids (Mbbls)			Boe (Mboe)		
	Proved	Probable	Proved Plus Probable	Proved	Probable	Proved Plus Probable
December 31, 2016	6,434	5,718	12,152	19,213	17,239	36,452
Extensions and Improved Recovery	4,882	2,650	7,532	12,082	6,795	18,877
Technical revisions	(332)	(585)	(917)	(1,339)	(2,349)	(3,689)
Acquisitions	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-
Economic factors	(6)	(11)	(17)	(35)	(53)	(88)
Production	(1,175)	-	(1,175)	(3,067)	-	(3,067)
December 31, 2017	9,803	7,772	17,576	26,853	21,633	48,486

The Corporation had a very active capital program in 2017 in which it drilled 17 horizontal Montney wells in the Bigstone area. Extensions incorporated in the GLJ Report included reserves added by the drilling, completing and bringing on production of 15 wells, and also undeveloped locations booked offsetting these new wells. Based on the drilling program, undeveloped Montney drilling locations in the report increased by 16 gross (9.8 net) in the total proved category and by 4 gross (2.7 net) in the probable category compared to Delphi's reserves report as at December 31, 2016. Negative technical revisions were taken on certain older wells due to production performance lower than what was anticipated in Delphi's reserves report as at December 31, 2016. Some of this production performance was due to offset fracturing operations that negatively impacted existing wells. Delphi also converted previously booked locations by drilling wells that were booked as undeveloped in Delphi's reserves report as at December 31, 2016. Some of these wells came in below production rates that were predicted in such report. Changes in reserves due to economic factors occur when there is a change in the economic limit of a well. A decrease in the commodity price forecast used by GLJ in the 2017 GLJ Report compared to 2016 led to some wells reaching their economic limit sooner compared to the previous year, resulting in a decrease in reserves. This was determined prior to any consideration of technical revisions. Decreases in reserves due to production represent reserves that were produced from the Corporation's properties during 2017.

Additional Information Relating to Reserves Data

Undeveloped Reserves [5]

Proved and Probable Undeveloped Reserves

The following table sets forth the volumes of proved undeveloped and probable undeveloped reserves that were first attributed to each product type in each of the most recent three financial years:

Product Type	Units	2015	2016	2017
Proved Undeveloped				
Shale gas	Mmcf	5,091	3,812	28,462
Conventional natural gas	Mmcf	-	-	-
Natural gas liquids	Mbbl	428	322	3,190
Total	Mboe	1,277	957	7,933

Product Type	Units	2015	2016	2017
Probable Undeveloped				
Shale gas	Mmcf	4,913	14,857	32,142
Conventional natural gas	Mmcf	-	-	-
Natural gas liquids	Mbbl	369	1,220	3,380
Total	Mboe	1,188	3,696	8,737

The future development costs are capital costs required in the future for Delphi to convert proved and probable undeveloped reserves into proved developed producing reserves. On an on-going basis Delphi typically uses its internally generated cash flow, proceeds from dispositions, available credit facilities and new equity financings, if available on favourable terms, to fund requirements for future development required to develop the proved or the proved plus probable reserves.

A number of other factors are considered in determining the development schedule of undeveloped reserves. These include resource loading to address appropriate activity levels, consideration of available processing capacity and the anticipated availability of free cash flow to fund development. Delphi recently completed its 2017 drilling program utilizing two drilling rigs. Development of undeveloped reserves within the GLJ Report are scheduled to occur using a similar activity level for 2018 and 2019. Taking into account these factors, in the GLJ Report, Delphi has anticipated that approximately 86 percent of future development costs relating to the development of Delphi's proved undeveloped reserves will occur within two years, and almost all future development costs in respect of these reserves will occur within three years. Accordingly, Delphi plans to develop approximately 86 percent of these undeveloped proved reserves within two years and almost all of these proved reserves within three years. In the GLJ Report, Delphi has anticipated that approximately 24 percent of future development costs relating to the development of Delphi's undeveloped probable reserves will occur within two years, and almost all future development costs in respect of these reserves will occur within four years. Accordingly, Delphi plans to develop approximately 26 percent of these undeveloped probable reserves within two years but almost all of these probable reserves within four years. In all years and in all categories, Delphi has anticipated that its future development costs for the year will be less than the operating income anticipated to be generated in that same year.

Significant Factors or Uncertainties

The process of evaluating reserves is inherently complex and requires significant judgments and decisions based upon a number of variable factors and assumptions, such as commodity prices, projected production from the properties, the assumed effects of regulation by government agencies and future operating costs. All of these estimates may vary from actual results. The reserve estimates contained in this "Oil and Gas Activities" section are based on current production forecasts, prices and economic conditions. Estimates of the recoverable oil and natural gas reserves attributable to any particular group of properties, classifications of such reserves based on risk of recovery and estimates of future net revenues expected therefrom, may vary. The Corporation's actual production, revenues, taxes, development and operating expenditures with respect to its reserves may vary from such estimates and such variances could be material.

The Corporation estimates the total cost of future abandonment and reclamation for its existing wells, including their associated production facilities and infrastructure, and the expected timing of the costs to be incurred in future periods. The Corporation has a process for estimating these costs, which considers past experience, applicable current regulations, technology and industry standards, actual and anticipated costs, the type and depth of the well (or the nature and size of the facility), and the geographic location. The Corporation expects to incur abandonment and reclamation costs on 374 (203.9 net) wells, comprising currently producing and non-producing wells. As at December 31, 2017, the Corporation has estimated its share of the future abandonment and reclamation costs for its existing wells and facilities to be $34.8 million undiscounted (approximately $12.2 million discounted at 10%), of which the Corporation expects to pay approximately $6.2 million over the next three financial years. Of the undiscounted future abandonment and reclamation costs to be incurred over the life of the Corporation's total proved plus probable reserves, approximately $23.0 million has been deducted in estimating the future net revenue in the GLJ Report, which represents the Corporation's total existing estimated abandonment and reclamation costs associated with the reserves, plus all forecast estimates of abandonment and reclamation costs attributable to future development activity associated with the reserves. The Corporation does not anticipate any unusually high expected development costs or operating costs in respect of its reserves.

Future Development Costs

	($ 000's)	
Period	**Proved Reserves**	**Proved Plus Probable Reserves**
2018	73,580	73,580
2019	55,162	84,533
2020	21,417	98,781
2021	138	16,576
2022	0	550
Remainder	146	949
Total for all years undiscounted	150,443	274,967
Total for all years discounted at 10% per year	135,023	233,795

The future development costs are capital costs required in the future for Delphi to convert proved undeveloped reserves and probable reserves into proved developed producing reserves. On an on-going basis, Delphi typically uses its internally generated cash flow, proceeds from dispositions, available credit facilities and new equity financings, if available on favourable terms, to fund requirements for future development required to develop the proved or the proved plus probable reserves.

Other Oil and Gas Information

For a description of Delphi's important oil and gas properties and facilities, see "Narrative Description of the Business – Areas of Operations" above.

Oil and Gas Properties and Wells

The following table sets forth the number and status of wells in which Delphi had a working interest as at December 31, 2017. Delphi has title to its net working interest in all wells and is not subject to any change in ownership as a consequence of any current contract or agreement.

	Producing Wells				**Non-Producing Wells**			
	Oil		**Gas**		**Oil**		**Gas**	
	Gross(1)	**Net(2)**	**Gross(1)**	**Net(2)**	**Gross(1)**	**Net(2)**	**Gross(1)**	**Net(2)**
Alberta	2	2	110.0	85.0	3	3	243.0	89.0
British Columbia	-	-	-	-	-	-	36.0	18.0
	2	2	110.0	85.0	3	3	279.0	107.0

Of the 282 (110 net) non-producing wells, 183 (60 net) have been abandoned and 23 (9 net) have had zonal abandonments.

Properties with No Attributed Reserves

The following table sets forth the Corporation's undeveloped land holdings as at December 31, 2017.

	Undeveloped	
(Acres)	**Gross[(1)]**	**Net[(2)]**
Alberta	179,275	75,994
British Columbia	38,080	14,120
Total	217,355	90,114

During 2018, approximately 15,903 net acres of the Corporation's undeveloped land is set to expire, however Delphi expects that, subject to Crown approval, approximately a third of these lands will be continued.

None of the above properties are subject to any work commitments.

Significant Factors or Uncertainties Relevant to Properties with No Attributed Reserves

There are several economic factors and significant uncertainties that affect Delphi's anticipated development of its properties to which no reserves are attributed. Delphi will be required to make substantial capital expenditures in order to prove, exploit, develop and produce from these properties in the future. If cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or, if available, on terms acceptable to the Corporation. Failure to obtain such financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain opportunities and reduce or terminate its operations on such properties. The inability of Delphi to access sufficient capital for its exploration and development purposes could have a material adverse effect on the Corporation's ability to execute its business strategy to develop these prospects. See *"Risk Factors"*.

The primary economic factors that affect the development of the properties to which no reserves have been attributed are future commodity prices for oil, natural gas and NGLs (and the Corporation's outlook relating to such prices) and the future costs of drilling, completing, tying-in and operating wells at the time that such activities are considered. The Corporation would also need to secure adequate transportation capacity on acceptable terms for its incremental future production. The primary uncertainties that affect the development of such lands are the future drilling and completion results achieved in the development activities, drilling and completion results achieved by others on lands in close proximity to these lands, and future changes to applicable regulatory or royalty regimes that affect timing or economics of proposed development activities. All of these uncertainties have the potential to delay the development of such lands. Conversely, uncertainty as to the timing and nature of the evolution or development of better exploration, drilling, completion and production technologies have the potential to accelerate development activities and enhance the economics relating to such properties.

Forward Contracts

Delphi uses risk management contracts in order to reduce its exposure to fluctuations in commodity prices. These instruments are not used for trading or speculative purposes.

All of the contracts through which the Corporation has fixed the price applicable to certain of its future production outstanding as at December 31, 2017 have been disclosed in Note 4 to the audited financial statements of the Corporation for the years ended December 31, 2017 and 2016, which are available on the SEDAR website at www.sedar.com.

Delphi has an agreement with Alliance Pipeline Ltd. for full path service to deliver up to 45.8 Mmcf/d of natural gas volumes until November 2020 into the Chicago gas market. In addition, the Corporation has service on the TransCanada pipeline system. The Corporation's transportation commitments with Alliance Pipeline Ltd. for the years 2017 to 2020 and the service on the TransCanada system exceed Delphi's current expected future production from its proved reserves. The Corporation has excess transportation of 22.7 Mmcf/d for 2018, 33.6 Mmcf/d for 2019, 26.1 Mmcf/d for 2020, 3.3 Mmcf/d for 2023 and 5.7 Mmcf/d for 2024. The total cost of the excess capacity is estimated to be $5.0 million. In order to mitigate the cost of transportation service in excess of its needs, the Corporation temporarily assigns the excess service to other shippers or purchases natural gas in Alberta for sale in Chicago.

Tax Horizon

The income taxes deducted in the calculation of future net revenue assume a scenario whereby the Corporation produces all of its existing proved plus probable reserves. Under this scenario, Delphi would pay taxes in 2025.

The Corporation forecasts its tax horizon assuming reinvestment of cash flow to achieve production and reserve growth. The Corporation does not expect to be required to pay income taxes for the 2018 financial year. The Corporation does not anticipate becoming cash taxable before 2020. This estimate will be impacted by, among other factors, production volumes, commodity prices, foreign exchange rates, operating costs, interest rates, changes in tax laws and Delphi's other business activities. Changes in these factors from estimates used by the Corporation could result in Delphi paying income taxes earlier than expected.

Costs Incurred

During 2017, the Corporation incurred the following costs in Canada:

	2017 *($ 000's)*
Property and acquisition costs – Unproved properties	2,196
Property and acquisition costs – Proved properties	850
Exploration costs [12]	-
Development costs [10]	116,691

Exploration and Development Activities

The following table sets forth the number of exploratory and development wells in which Delphi participated which were drilled during the year ended December 31, 2017:

	Exploratory Wells[11]		**Development Wells[9]**	
	Gross[1]	**Net[2]**	**Gross[1]**	**Net[2]**
Natural gas wells	-	-	17.0	11.0
Total wells	-	-	17.0	11.0

Delphi's capital program for 2017 was focused on the delineation and development of its inventory of opportunities at Bigstone in the Montney formation. The capital program in 2018 will continue to develop and delineate our Bigstone Montney asset.

Production Estimates

The following table sets forth the volume of daily gross production estimated for the year 2018 in the reserves forecast for proved and proved plus probable reserves.

Proved

	Conventional natural gas (mcf/d)	Shale gas (mcf/d)	Natural gas liquids (bbls/d)	boe/d
Bigstone	2,875	36,922	4,179	10,812
Other	2,506	-	20	438
Total Proved	5,380	36,922	4,199	11,249

Probable

	Conventional natural gas (mcf/d)	Shale gas (mcf/d)	Natural gas liquids (bbls/d)	boe/d
Bigstone	42	3,221	356	900
Other	44	-	-	7
Total Probable	86	3,221	356	907

Proved plus Probable

	Conventional natural gas (mcf/d)	Shale gas (mcf/d)	Natural gas liquids (bbls/d)	boe/d
Bigstone	2,917	40,143	4,535	11,711
Other	2,550	-	20	445
Total Proved plus Probable	5,466	40,143	4,555	12,157

Production History

Delphi's 2017 average daily production, before deduction of royalties, is summarized below:

Average Daily Production	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
Conventional natural gas (mcf/d)	5,942	2,296	5,300	4,295	4,456
Shale gas (mcf/d)	23,795	21,255	30,303	31,096	26,642
Natural gas liquids (bbls/d)	3,242	2,559	3,379	3,609	3,218
Total (boe/d)	8,198	6,484	9,313	9,588	8,401

Delphi's 2017 share of average daily production, before deduction of royalties, from Bigstone is summarized below:

Average Daily Production	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
Conventional natural gas (mcf/d)	5,519	1,655	4,012	3,198	3,591
Shale gas (mcf/d)	23,795	21,255	30,303	31,096	26,642
Natural gas liquids (bbls/d)	3,241	2,558	3,379	3,689	3,218
Total (boe/d)	8,127	6,377	9,098	9,405	8,257

Netback By Product

The following table sets forth information in respect of quarterly average net product prices received before risk management contracts, royalties paid, operating expenses and operating netbacks by product for the year ended December 31, 2017.

	Conventional Natural Gas ($/mcf)			
	Q1	**Q2**	**Q3**	**Q4**
Average prices received	3.01	4.31	1.89	1.77
Royalties	(0.37)	2.04	(0.17)	0.11
Operating expenses	(3.22)	(4.10)	(2.68)	(4.02)
Transportation	(0.23)	(0.51)	(0.36)	(0.26)
Netback	(0.81)	1.74	(1.32)	(2.40)
	Shale Gas ($/mcf)			
	Q1	**Q2**	**Q3**	**Q4**
Average prices received	4.47	4.30	3.75	3.60
Royalties	(0.22)	(0.09)	(0.16)	(0.04)
Operating expenses	(2.07)	(3.12)	(2.02)	(2.73)
Transportation	(1.28)	(1.02)	(1.40)	(1.19)
Netback	0.90	0.07	0.17	(0.36)
	Natural Gas Liquids ($/bbl)			
	Q1	**Q2**	**Q3**	**Q4**
Average prices received	49.36	46.71	43.81	58.19
Royalties	(5.86)	(4.79)	(4.41)	(5.55)
Operating expenses	-	-	-	-
Transportation	(5.09)	(2.05)	(7.24)	(1.61)
Netback	38.41	39.87	32.16	51.03

Product Sales Revenues

The only significant products produced and sold by the Corporation are conventional natural gas, shale gas and natural gas liquids. Virtually all of these products are sold on a short term basis that is a function of current market prices. None of the Corporation's products are sold to non-arm's length parties.

The following table summarizes the Corporation's revenues in 2016 and 2017 by product type.

Product *($ 000's)*	**2017**	**2016**
Conventional natural gas	4,143	4,847
Shale gas	38,723	29,521
Natural gas liquids	58,649	34,887

DIVIDENDS

The Corporation has not declared or paid any dividends on any of its shares since its formation on June 19, 2003. The Corporation does not intend to pay dividends in the near future as future earnings will be retained to finance further expansion of business and operations. Any decision to pay dividends on any class of shares will be made by the board of directors on the basis of earnings, financial requirements and other conditions existing at such future time. The credit facilities of the Corporation also restrict its ability to pay dividends.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The holders of the common shares in the capital of the Corporation ("Common Shares") are entitled to one vote per share at meetings of shareholders, to receive such dividends as declared by the Corporation and to receive the remaining property and assets of the Corporation upon dissolution or winding up of the Corporation. The Common Shares are not subject to any future call or assessment and there are no pre-emptive, conversion or redemption rights attached to such shares. An unlimited number of voting Common Shares, without par value, have been authorized, of which 185,547,351 Common Shares were outstanding at December 31, 2017.

Preferred Shares

An unlimited number of preferred shares issuable in series have also been authorized of which none are outstanding.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed and posted for trading on the Toronto Stock Exchange ("TSX") under the trading symbol "DEE". The following table sets forth the market price ranges and the aggregate volume of trading of the Common Shares on the TSX for the periods indicated:

Period	High ($)	Low ($)	Close ($)	Volume
2017				
January	1.77	1.45	1.46	5,782,586
February	1.79	1.45	1.51	8,007,889
March	1.56	1.17	1.33	12,475,400
April	1.57	1.27	1.34	5,616,583
May	1.43	1.18	1.24	4,050,173
June	1.38	1.11	1.22	4,332,020
July	1.31	1.11	1.23	2,903,843
August	1.24	1.03	1.12	2,392,483
September	1.30	1.12	1.24	2,914,780
October	1.24	1.10	1.20	5,615,920
November	1.34	1.10	1.14	3,934,342
December	1.18	1.01	1.13	3,043,987

DIRECTORS AND OFFICERS

Name, Occupation and Security Holdings

The names, province and country of residence, positions with the Corporation and the principal occupations of the directors and officers of the Corporation during the past five years are set out below.

Name and Municipality of Residence	Office or Position with the Corporation	Present and Principal Occupation During the Last Five Years
David J. Reid Alberta, Canada	Director, President, Chief Executive Officer since June 2003; prior thereto a director of DT Energy Ltd. ("DTE") since September 2000.	President and Chief Executive Officer of Delphi since June 19, 2003; President and Treasurer of DTE from September 20, 2000 to June 19, 2003.
Harry S. Campbell, Q.C. (1)(3) Alberta, Canada	Director since June 2003; prior thereto a director of DTE since December 2000.	Chairman Emeritus of the law firm Burnet, Duckworth & Palmer LLP since 2016, prior thereto, Chairman of that firm from 2011 to 2016 and Managing Partner of that firm from 2000 to 2007.

Name and Municipality of Residence	Office or Position with the Corporation	Present and Principal Occupation During the Last Five Years
Andrew E. Osis [(2)(3)] Alberta, Canada	Director since May 2005.	Chief Executive Officer of Magnetic North Partners since 2013; independent businessman since 2012; prior thereto Chief Executive Officer and Director of Poynt Corporation (formerly Multiplied Media Corporation) since September 2008; prior thereto Chief Financial Officer and Director of Multiplied Media Corporation (formerly Z28 Capital Corp.), a TSX Venture Exchange-listed company; prior thereto Vice President, Global Banking of RBC Dominion Securities from 1999 through 2001.
Glenn A. Hamilton [(2)] Alberta, Canada	Director since May 2017.	Independent businessman. Formerly Corporate Advisor from May 2015 to July 2016 and prior thereto, Senior Vice President and Chief Financial Officer of Bonavista Energy Corporation. Director of Ember Resources Inc. and Journey Energy Inc..
Peter T. Harrison [(2)] Quebec, Canada	Director since May 2017.	Manager, Oil and Gas Investments, CN Investment Division since 2009.
Robert A. Lehodey, Q.C. [(3)] Alberta, Canada	Director since June 2003; prior thereto a director of DTE since September 2000.	Partner with the law firm Osler, Hoskin & Harcourt LLP since 2006.
David J. Sandmeyer[(4)] Alberta, Canada	Director since March 2010.	Independent businessman since 2010. Director of Anderson Energy Inc. from March 2010 to November 2016; director of Freehold Royalties Ltd. from 1996 to May 2016 and former President of Rife Resources Ltd. and Freehold Royalties Ltd. until May 2009.
Lamont C. Tolley [(4)] Alberta, Canada	Director since June 2003; prior thereto a director of DTE since December 2000.	Independent businessman since 1999.
Ian G. Wild [(4)] Alberta, Canada	Director since May 2017.	Independent businessman; prior thereto Executive Vice President with ATB Corporate Financial Services from 2002 to 2017.
Mark D. Behrman Alberta, Canada	Chief Financial Officer since April 2017.	Chief Financial Officer of Delphi since April 2017; prior thereto Chief Financial Officer of Sea NG Corporation from 2008 to 2017.
Rod A. Hume Alberta, Canada	Senior Vice President, Engineering since February 2006.	Senior Vice President, Engineering of Delphi since February 2006; prior thereto Senior Exploitation Engineer of Delphi from February 2005; prior thereto Exploitation Manager/Engineer of Dominion Exploration Canada Ltd. from 2002 to 2005.

Name and Municipality of Residence	Office or Position with the Corporation	Present and Principal Occupation During the Last Five Years
Hugo H. Batteke Alberta, Canada	Vice President, Operations since October 2007.	Vice President, Operations of Delphi Energy Corp. since October 2007; prior thereto Senior Project Manager at Hood Engineering from March 2003 to September 2007.
John Behr Alberta, Canada	Vice President, Geosciences since January 2017	Vice President, Geosciences of Delphi Energy Corp. since January 2017; prior thereto Manager, New Ventures of Delphi from September 2013 to December 2016; prior thereto Vice President, Exploration of Terra Energy Corp. from March 2005 to September 2013.
Michael K. Galvin Alberta, Canada	Vice President, Land since April 2010.	Vice President, Land of Delphi Energy Corp. since April 2010; prior thereto Manager, Land of Delphi from February 2008 to March 2010; prior thereto Land Manager of Rockyview Energy Inc. from December 2005 to January 2008.

Notes:
(1) Chairman of the Board
(2) Member of the Audit Committee
(3) Member of the Corporate Governance and Compensation Committee
(4) Member of the Reserves Committee

The term of each director expires at the next annual meeting of shareholders of the Corporation.

As at March 23, 2018, the directors and executive officers of the Corporation, as a group, beneficially owned, directed or controlled, directly or indirectly 5,990,311Common Shares or approximately 3% of the issued and outstanding Common Shares and held options to acquire a further 6,210,000 Common Shares. Assuming exercise of all options, the directors and executive officers of the Corporation, as a group, would beneficially own, direct or control, directly and indirectly, 12,200,311 Common Shares or approximately 6% of the then issued and outstanding Common Shares. The information as to Common Shares beneficially owned, directed or controlled, not being within the knowledge of the Corporation, has been furnished by the respective individuals.

Cease Trade Orders

As of the date of this AIF, within 10 years before the date of this AIF, no director or executive officer of the Corporation was a director or executive officer at a company that was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under and securities legislation, for a period of more than 30 consecutive days, other than Mr. Peter Harrison, who was a director of Spyglass Resources Corp. ("Spyglass") until November 26, 2015. On May 6, 2016 the Alberta Securities Commission issued a cease trade order in respect of securities of Spyglass for failing to file annual financial statements.

Bankruptcies

No director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation (a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder, other than:

- Mr. Andrew Osis, who was Chief Executive Officer and a director of Poynt Corporation ("Poynt") and resigned from both positions effective October 31, 2012. On July 5, 2012, Poynt filed a notice of intention to make a proposal pursuant to the *Bankruptcy and Insolvency Act*, and, on October 31, 2012, the Court of Queen's Bench of Alberta issued an order deeming Poynt to have made an assignment in bankruptcy;

- Mr. Robert Lehodey, who was a director of Laricina Energy Ltd. ("Laricina") from December 2005 until February 2016. On March 27, 2015, Laricina secured protection under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA") pursuant to an order effective March 26, 2016, from the Court of the Queen's Bench of Alberta, which order stayed Laricina's creditors. Laricina ceased being subject to the CCAA on February 1, 2016 having satisfied in full (or set aside sufficient funds to do so) all proven claims and certain ongoing disputed claims under the CCAA; and;

- Mr. Harrison, who was a director of Spyglass until November 26, 2015. On November 26, 2015, Spyglass was placed into receivership.

Penalties or Sanctions

No director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

Certain directors of Delphi are also directors of other oil and gas companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the ABCA. In accordance with the ABCA, directors who have a material interest in any person who is a party to a material contract or proposed material contract with Delphi are required, subject to certain exceptions, to disclose that interest and abstain from voting on any resolution to approve that contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of Delphi.

AUDIT COMMITTEE

Composition of Audit Committee

The Audit Committee is comprised of three members of the Board of Directors: Glenn A. Hamilton (Chairman), Peter T. Harrison, and Andrew E. Osis. Each of the members of the Audit Committee is financially literate and independent within the meaning of National Instrument 52-110 – Audit Committees. The mandate of the Audit Committee is reproduced in Appendix "D".

Education and Experience

The members of Delphi's Audit Committee have education and experience relevant to the performance of their responsibilities, which includes the following:

Glenn A. Hamilton (Chairman)
After 19 years, Mr. Hamilton recently retired from Bonavista Energy Corporation, where he had been Senior Vice President and Chief Financial Officer. Mr. Hamilton has over 35 years of experience in accounting and finance in the oil and gas industry. He is a Chartered Professional Accountant.

Peter T. Harrison
Mr. Harrison is currently the Manager of Oil and Gas Investments at CN's Investment Division. He has over 40 years' experience in the investment industry, has managed multi-billion dollar equity portfolios and is well known in the oil and gas investment sector. Mr. Harrison is a Chartered Financial Analyst and has an MBA from the University of Western Ontario.

Andrew E. Osis
Mr. Osis has extensive experience in financial analysis including employment as an investment banker, assistant portfolio manager, and research analyst. Mr. Osis also has experience as a Chief Financial Officer of two public companies, and has served as a member or chair of audit committees of other public companies. He has a Bachelor of Commerce degree in Finance from the Haskayne School of Business at the University of Calgary.

Pre-Approval Policies and Procedures

The Audit Committee has established a pre-approval policy and procedures for the engagement of non-audit services. The Audit Committee must approve all engagements for non-audit services which are expected to exceed $20,000 per engagement before the engagement may commence. For engagements for non-audit services which are expected to be less than $20,000, the engagement may commence upon approval by the Chairman of the Audit Committee with all members being informed of the service at the next meeting of the Committee. All recommendations for services will be submitted by the Chief Financial Officer.

External Auditor Service Fees

The following table provides the fees for services by KPMG LLP, the Corporation's external auditors during fiscal 2017 and 2016.

	2017	**2016**
Audit Fees	$166,000	$ 186,000
Audit-related Fees	15,000	10,000
Tax fees	40,050	30,500
All Other Fees	12,500	103,000
Total	$233,550	$ 309,500

Audit Fees include fees incurred in connection with the annual audit and quarterly reviews of our financial statements. Tax fees include fees for tax compliance, tax planning and tax advice. All other fees include fees for services related to the short form prospectus filed in the second quarter of 2016 and for internal control assessment and for services related to the issuance of the private placement in 2017.

RISK FACTORS

Concentration of Production in Single Project

All of the Corporation's current production and a significant amount of future production, is or will be generated by the Montney formation in Bigstone and principally transported to markets on the Alliance Pipeline system into Chicago. Any event that interrupts operations in the Montney or the Alliance Pipeline system may result in a significant loss or delay in production.

Exploration, Development and Production Risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of Delphi depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves Delphi may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in Delphi's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that Delphi will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Corporation may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by Delphi.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or in personal injury. In accordance with industry practice, Delphi is not fully insured against all of these risks, nor are all such risks insurable. Although the Corporation maintains liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event Delphi could incur significant costs that could have a material adverse effect upon its financial condition. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks could have a material adverse effect on future results of operations, liquidity and financial condition.

Weakness in the Oil and Gas Industry

Weakness and volatility in the market conditions for the oil and gas industry may affect the value of the Corporation's reserves, restrict its cash flow and its ability to access capital to fund the development of its properties. Recent market events and conditions, including global excess oil and natural gas supply, recent actions taken by the Organization of the Petroleum Exporting Countries ("OPEC"), market volatility and disruptions in Asia, and sovereign debt levels and political upheavals in various countries, have caused significant decrease in the valuation of oil and gas companies and a decrease in confidence in the oil and gas industry. These difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding regulatory, tax, royalty changes and environmental regulation. In addition, the inability to get the necessary approvals to build pipelines, liquefied natural gas plants and other facilities to provide better access to markets for the oil and gas industry in western Canada has led to additional downward price pressure on oil and gas produced in western Canada and uncertainty and reduced confidence in the oil and gas industry in western Canada. Lower commodity prices may also affect the volume and value of the Corporation's reserves especially as certain reserves become uneconomic. In addition, lower commodity prices have reduced, and may continue to reduce, the Corporation's cash flow which could result in a reduced capital expenditure budget. As a result, the Corporation may not be able to replace its production with additional reserves and both the Corporation's production and reserves could be reduced on a year over year basis. Any decrease in value of the Corporation's reserves may reduce the borrowing base under its credit facilities, which, depending on the level of the Corporation's indebtedness, could result in the Corporation having to repay a portion of its indebtedness. Given the current market conditions and the lack of confidence in the Canadian oil and gas industry, the Corporation may have difficulty raising additional funds in the future or if it is able to do it may be on unfavourable and highly dilutive terms.

Global Financial Markets

Market events and conditions, including disruptions in the international credit markets and other financial systems and the American and European sovereign debt levels, have caused significant volatility in commodity prices. These events and conditions have caused a decrease in confidence in the global credit and financial markets and have created a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. This volatility may affect the Corporation's ability to obtain equity or debt financing on acceptable terms.

Prices, Markets and Marketing

The marketability and price of oil, natural gas and NGLs that may be acquired or discovered by Delphi will be affected by numerous factors beyond its control. Delphi's ability to market its natural gas may depend upon its ability to acquire space on pipelines that deliver natural gas to commercial markets. Delphi may also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing facilities, and related to operational problems with such pipelines and facilities as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil, natural gas and NGLs and many other aspects of the oil and natural gas business.

Prices for oil, natural gas and NGLs are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil, natural gas and NGLs, market uncertainty and a variety of additional factors beyond the control of the Corporation. These factors include economic and political conditions in the United States, Canada, Europe, China and emerging markets, the actions of OPEC and other oil and gas exporting nations, governmental regulation, political stability in the Middle East, Northern Africa and elsewhere, the foreign supply and demand of oil and natural gas, risks of supply disruption, the price of foreign imports and the availability of alternative fuel sources. Prices for oil, natural gas and NGLs are also subject to the availability of foreign markets and the Corporation's ability to access such markets. A material decline in prices could result in a reduction of the Corporation's net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of oil or natural gas and associated NGLs and a reduction in the volumes and the value of the Corporation's reserves. The Corporation might also elect not to produce from certain wells at lower prices.

All these factors could result in a material decrease in the Corporation's expected net production revenue and a reduction in its oil and natural gas production, development and exploration activities. Any substantial and extended decline in the price of oil, natural gas and NGLs would have an adverse effect on the Corporation's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Oil, natural gas and NGLs prices are expected to remain volatile for the near future because of market uncertainties over the supply and the demand of these commodities due to the current state of the world economies, increased growth of shale oil production in the United States, OPEC actions, political uncertainties, sanctions imposed on certain oil producing nations by other countries and ongoing credit and liquidity concerns. Volatile oil, natural gas and NGLs prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for, and project the return on, acquisitions and development and exploitation projects.

In addition, bank borrowings available to Delphi are in large part determined by Delphi's borrowing base. A sustained material decline in prices from historical average prices could reduce its borrowing base, therefore reducing the bank credit available to the Corporation which could require that a portion, or all, of its bank debt be repaid.

Market Price of Common Shares

The trading price of securities of oil and natural gas issuers is subject to substantial volatility often based on factors related and unrelated to the financial performance or prospects of the issuers involved. Factors unrelated to the Corporation’s performance could include macroeconomic developments nationally, within North America or globally, domestic and global commodity prices or current perceptions of the oil and gas market. Similarly, the market price of the Common Shares of the Corporation could be subject to significant fluctuations in response to variations in the Corporation’s operating results, financial condition, liquidity and other internal factors. The price at which the Common Shares of the Corporation will trade cannot be accurately predicted.

Gathering and Processing Facilities and Pipeline Systems

The Corporation delivers its products through gathering, processing and pipeline systems some of which it does not own. The amount of oil and natural gas that the Corporation can produce and sell is subject to the accessibility, availability, proximity and capacity of these gathering, processing and pipeline systems. The lack of availability of capacity in any of the gathering, processing and pipeline systems, and in particular the processing facilities, could result in the Corporation’s inability to realize the full economic potential of its production or in a reduction of the price offered for the Corporation’s production. Additionally, disruptions of transportation services because of weather related problems, strikes, lockouts, delays or other events could temporarily impair the ability to supply oil and natural gas to customers and may result in lost sales and the Corporation’s inability to realize the full potential of its production or a reduction of the price offered for its production. Although pipeline expansions are ongoing, the lack of firm pipeline capacity continues to affect the oil and natural gas industry and limit the ability to produce and to market oil and natural gas production. In addition, the pro-rationing of capacity on inter-provincial pipeline systems also continues to affect the ability to export oil and natural gas. Any significant change in market factors or other conditions affecting these infrastructure systems and facilities, as well as any delays in constructing new infrastructure systems and facilities could harm the Corporation’s business and, in turn, the Corporation’s financial condition, results of operations and cash flows.

A portion of the Corporation’s production may, from time to time, be processed through facilities owned by third parties and over which the Corporation does not have control. From time to time these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could materially adversely affect the Corporation’s ability to process its production and to deliver the same for sale.

Competition

The petroleum industry is competitive in all its phases. The Corporation competes with numerous other participants in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. Delphi's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of Delphi. Delphi's ability to increase reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery.

Cost of New Technologies

The oil and gas industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other oil companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Corporation. There can be no assurance that the Corporation will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. One or more of the technologies currently utilized by the Corporation or implemented in the future may become obsolete. In such case, the Corporation's business, financial condition and results of operations could be affected adversely and materially. If the Corporation is unable to utilize the most advanced commercially available technology, its business, financial condition and results of operations could also be adversely affected in a material way.

Alternatives to and Changing Demand for Petroleum Products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and energy generation devices could reduce the demand for oil, natural gas and other liquid hydrocarbons. The Corporation cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Regulatory

Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government that may be amended from time to time. Delphi's operations may require licenses from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development at its projects.

Royalty Regimes

There can be no assurance that the federal government and the provincial governments of the western provinces will not adopt new royalty regimes or modify the existing royalty regimes which may have an impact on the economics of the Corporation's projects. An increase in royalties would reduce the Corporation's earnings and could make future capital investments, or the Corporation's operations, less economic.

Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require Delphi to incur costs to remedy such discharge. Although the Corporation believes that it is in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect Delphi's financial condition, results of operations or prospects.

Abandonment and Reclamation Costs

The Corporation is required to comply with the terms and conditions of environmental and regulatory approvals and all legislation regarding the abandonment of its projects and reclamation of the project lands at the end of their economic life, which may result in substantial abandonment and reclamation costs. Any failure to comply with the terms and conditions of the Corporation's approvals and legislation may result in the imposition of fines and penalties, which may be material. Generally, abandonment and reclamation costs are substantial and, while the Corporation accrues a reserve in its financial statements for such costs, no assurance can be given that such accruals will be sufficient.

The Corporation's estimates of future abandonment and reclamation costs are based on current regulatory requirements. Any future changes in regulatory requirements may change these estimates. In addition, in the future, the Corporation may determine it prudent or be required by applicable laws, regulations or regulatory approvals to establish and fund one or more reclamation funds to provide for payment of future abandonment and reclamation costs. If the Corporation establishes a reclamation fund, its liquidity and cash flow may be adversely affected.

Alberta and British Columbia have developed liability management programs designed to prevent taxpayers from incurring costs associated with suspension, abandonment, remediation and reclamation of wells, facilities and pipelines in the event that a licensee or permit holder is unable to satisfy its regulatory obligations. These programs involve an assessment of the ratio of a licensee's deemed assets to deemed liabilities. If a licensee's deemed liabilities exceed its deemed assets, a security deposit is generally required. Changes to the required ratio of the Corporation's deemed assets to deemed liabilities or other changes to the requirements of liability management programs may result in significant increases to the Corporation's compliance obligations. In addition, the liability management regime may prevent or interfere with the Corporation's ability to acquire or dispose of assets, as both the vendor and the purchaser of oil and gas assets must be in compliance with the liability management programs (both before and after the transfer of the assets) for the applicable regulatory agency to allow for the transfer of such assets.

Hydraulic Fracturing

Hydraulic fracturing involves the injection of water, sand and small amounts of additives under pressure into rock formations to stimulate hydrocarbon (oil and natural gas) production. Hydraulic fracturing is being used to produce commercial quantities of oil and natural gas from reservoirs that were otherwise unproductive. Any new laws, regulations or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating costs or third party or governmental claims, and could increase Delphi's costs of compliance and doing business as well as delay the development of oil and natural gas resources from formations which are not commercial without the use of hydraulic fracturing. Restrictions on hydraulic fracturing could also reduce the amount of oil and natural gas that Delphi is ultimately able to produce from its reserves.

Substantial Capital Requirements

Delphi anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. If Delphi's revenues or reserves decline, it may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Delphi. The inability of the Corporation to access sufficient capital for its operations could have a material adverse effect on its financial condition, results of operations or prospects.

Additional Funding Requirements

Delphi's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times. From time to time, the Corporation may require additional financing in order to carry out its oil and gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause Delphi to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If Delphi's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect Delphi's ability to expend the necessary capital to replace its reserves or to maintain its production. If Delphi's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to Delphi.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

Delphi considers acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as Delphi's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of Delphi. The integration of acquired businesses may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets may be periodically disposed of, so that the Corporation can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, the Corporation, if disposed of, could be expected to realize less than their carrying value on the financial statements of Delphi.

Issuance of Debt

From time to time Delphi may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase Delphi's debt levels above industry standards. Depending on future exploration and development plans, Delphi may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms. Neither Delphi's articles nor its by-laws limit the amount of indebtedness that Delphi may incur. The level of Delphi's indebtedness from time to time, could impair Delphi's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Credit Facility Arrangements

The Corporation currently has a credit facility and the amount authorized thereunder is dependent on the borrowing base determined by its lenders. The Corporation is required to comply with covenants under its credit facilities which may, in certain cases, include certain financial ratio tests, which from time to time either affect the availability, or price, of additional funding and in the event that the Corporation does not comply with these covenants, the Corporation's access to capital could be restricted or repayment could be required. Events beyond the Corporation's control may contribute to the failure of the Corporation to comply with such covenants. A failure to comply with covenants could result in default under the Corporation's credit facilities, which could result in the Corporation being required to repay amounts owing thereunder. Even if the Corporation is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to the Corporation. If the Corporation is unable to repay amounts owing under credit facilities, the lenders under the credit facility could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness. The acceleration of the Corporation's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross default or cross-acceleration provisions. In addition, the Corporation's credit facilities may impose operating and financial restrictions on the Corporation that could include restrictions on, repurchase or making of other distributions with respect to the Corporation's securities, the incurrence of additional indebtedness, the provision of guarantees, the assumption of loans, making of capital expenditures, entering into of amalgamations, mergers, take-over bids or disposition of assets, among others.

The Corporation's lenders use the Corporation's reserves, commodity prices, applicable discount rate and other factors, to periodically determine the Corporation's borrowing base. A material decline in commodity prices could reduce the Corporation's borrowing base, reducing the funds available to the Corporation under the credit facility. This could result in the requirement to repay a portion, or all, of the Corporation's bank indebtedness.

Risk Management

From time to time Delphi may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, Delphi will not benefit from such increases. Delphi may also enter into interest rate swaps to fix the interest payable for a given period of time on a certain amount of its debt in order to offset the risk of incremental interest costs if rates increase, however, if interest rates decrease, Delphi would not benefit from reduced interest costs. Similarly, from time to time Delphi may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar; however, if the Canadian dollar declines in value compared to the United States dollar, Delphi will not benefit from the fluctuating exchange rate.

Availability of Drilling Equipment and Access

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to Delphi and may delay exploration and development activities. To the extent Delphi is not the operator of its oil and gas properties, Delphi will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

Climate Change

Delphi's exploration and production facilities and other operations and activities emit greenhouse gases which may subject Delphi to legislation in Canada regulating emissions of greenhouse gases. Given the evolving nature of climate change regulation, it is not possible to predict its potential impact on Delphi and its operations and financial condition at this time. However, climate change regulations may become more onerous over time as governments implement policies to further reduce greenhouse gas emissions. The adoption and implementation of any regulations imposing reporting obligations on, or reducing or limiting emissions of greenhouse gases from, Delphi's equipment and operations could result in additional costs, which would adversely affect Delphi's business, financial condition, results of operations, cash flows and future prospects.

In addition to impacts on Delphi as a result of climate change regulation, as an oil production and development company, the Corporation's reputation with stakeholders may be negatively impacted by changing public attitudes towards climate change and the perceived causes thereof, over which the Corporation has no control. A compromised reputation could adversely affect Delphi's business, including by reducing its access to capital and causing delays in obtaining regulatory licences, approvals, permits and other authorizations, as well as its financial condition and future prospects.

Title to Assets

Although title reviews may be conducted prior to the purchase of oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat Delphi's claim which could result in a reduction of the revenue received by Delphi.

Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and NGL reserves and cash flows to be derived therefrom, including many factors beyond Delphi's control. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary from actual results. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom prepared by different engineers, or by the same engineers at different times, may vary. Delphi's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

In accordance with applicable securities laws, GLJ, the Corporation's independent qualified reserves evaluator, has used forecast price and cost estimates in calculating reserve quantities in the GLJ Report summarized under "Oil and Gas Activities" above. Actual future net cash flows will be affected by other factors such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

Actual production and cash flows derived therefrom will vary from the estimates contained in the GLJ Report, and such variations could be material. The GLJ Report is based in part on the assumed success of activities Delphi intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom contained in the GLJ Report will be reduced to the extent that such activities do not achieve the level of success assumed in the GLJ Report.

Insurance

Delphi's involvement in the exploration for and development of oil and natural gas properties may result in Delphi becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. Although prior to drilling, Delphi will obtain insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not in all circumstances be insurable or, in certain circumstances, Delphi may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to Delphi. The occurrence of a significant event that Delphi is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on Delphi's financial position, results of operations or prospects.

Geopolitical Risks

The Corporation's business may be adversely affected by recent political and social events and decisions made in the United States, Europe and elsewhere.

In the last several years, the United States and certain European countries have experienced significant political events that have cast uncertainty on global financial and economic markets. During the 2016 presidential campaign a number of election promises were made and the new American administration has begun taking steps to implement certain of these promises. The administration has announced withdrawal of the United States from the Trans-Pacific Partnership and Congress has passed sweeping tax reform, which, among other things, significantly reduces US corporate tax rates. This may affect the competitiveness of other jurisdictions, including Canada. The North American Free Trade Agreement is currently under renegotiation and the result is uncertain at this time. The administration has also taken action with respect to reduction of regulation which may also affect relative competitiveness of other jurisdictions. It is unclear exactly what other actions the administration in the United States will implement, and if implemented, how these actions may impact Canada and in particular the oil and gas industry. Any actions taken by the new United States administration may have a negative impact on the Canadian economy and on the businesses, financial conditions, results of operations and the valuation of Canadian oil and gas companies, including the Corporation.

In addition to the political disruption in the United States, the citizens of the United Kingdom recently voted to withdraw from the European Union and the Government of the United Kingdom has begun taken steps to implement such withdrawal. Some European countries have also experienced the rise of anti-establishment political parties and public protests held against open-door immigration policies, trade and globalization. To the extent that certain political actions taken in North America, Europe and elsewhere in the world result in a marked decrease in free trade, access to personnel and freedom of movement it could have an adverse effect on the Corporation's ability to market its products internationally, increase costs for goods and services required for the Corporation's operations, reduce access to skilled labour and negatively impact the Corporation's business, operations, financial conditions and the market value of its Common Shares.

A change in federal, provincial or municipal governments in Canada may have an impact on the directions taken by such governments on matters that may impact the oil and gas industry including the balance between economic development and environmental policy such as the potential impact of the recent change of government in British Columbia and announcements and actions by the government of British Columbia that may impact the completion of the Trans-Mountain Pipeline project and other infrastructure projects.

In addition, the Corporation's oil and natural gas properties, wells and facilities could be the subject of a terrorist attack. If any of the Corporation's properties, wells or facilities are the subject of terrorist attack it may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. The Corporation does not have insurance to protect against the risk from terrorism.

Dilution

The Corporation may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Corporation which may be dilutive.

Management of Growth

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth could have a material adverse impact on its business, operations and prospects.

Expiration of Licenses and Leases

The Corporation's properties are held in the form of licences and leases and working interests in licences and leases. If the Corporation or the holder of the licence or lease fails to meet the specific requirement of a licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of the

Corporation's licences or leases or the working interests relating to a licence or lease may have a material adverse effect on the Corporation's results of operations and business.

Aboriginal Claims

Aboriginal peoples have claimed aboriginal title and rights to portions of western Canada. The Corporation is not aware that any claims have been made in respect of its property and assets; however, if a claim arose and was successful this could have an adverse effect on the Corporation and its operations.

Seasonality

The level of activity in the Canadian oil and gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Also, certain oil and gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. There can be no assurance that these seasonal factors will not adversely affect the timing and scope of the Corporation's exploration and development activities, which could in turn have a material adverse impact on the Corporation's business, operations and prospects.

Third Party Credit Risk

The Corporation is, or may be exposed to, third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to the Corporation, such failures could have a material adverse effect on the Corporation and its cash flow from operations. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in the Corporation's ongoing capital program, potentially delaying the program and the results of such program until the Corporation finds a suitable alternative partner.

Reliance on Key Personnel

Delphi's success depends in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse effect on Delphi. Delphi does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations of Delphi are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that Delphi will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of Delphi.

Litigation

In the normal course of the Corporation's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to personal injuries, property damage, property tax, land rights, the environment and contract disputes. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Corporation and as a result, could have a material adverse effect on the Corporation's assets, liabilities, business, financial condition and results of operations.

Even if the Corporation prevails in any such legal proceeding, the proceedings could be costly and time consuming and may divert the attention of management and key personnel from the Corporation's business operations, which could adversely affect its financial condition.

Intellectual Property Litigation

Due to the rapid development of oil and gas technology, in the normal course of the Corporation's operations, the Corporation may become involved in, named as a party to, or be the subject of, various legal proceedings in which it is alleged that the Corporation has infringed the intellectual property rights of others or commence lawsuits against others who the Corporation believes are infringing upon its intellectual property rights. The Corporation's involvement in intellectual property litigation could result in significant expense, adversely affecting the development of its assets or intellectual property or diverting the efforts of its technical and management personnel, whether or not such litigation is resolved in the Corporation's favour. In the event of an adverse outcome as a defendant in any such litigation, the Corporation may, among other things, be required to: (a) pay substantial damages; cease the development, use, sale or importation of processes that infringe upon other patented intellectual property; (b) expend significant resources to develop or acquire non-infringing intellectual property; (c) discontinue processes incorporating infringing technology; or (d) obtain licences to the infringing intellectual property. However, the Corporation may not be successful in such development or acquisition or such licences may not be available on reasonable terms. Any such development, acquisition or licence could require the expenditure of substantial time and other resources and could have a material adverse effect on the Corporation's business and financial results.

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Corporation may disclose confidential information relating to the business, operations or affairs of the Corporation. Although confidentiality agreements are signed by third parties prior to the disclosure of any confidential information, a breach could put the Corporation at competitive risk and may cause significant damage to its business. The harm to the Corporation's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Corporation will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Income Taxes

The Corporation files all required income tax returns and believes that it is in full compliance with the provisions of the *Income Tax Act* (Canada) and all other applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Corporation, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Income tax laws relating to the oil and natural gas industry, such as the treatment of resource taxation, may in the future be changed or interpreted in a manner that adversely affects the Corporation. Furthermore, tax authorities having jurisdiction over the Corporation may disagree with how the Corporation calculates its income for tax purposes or could change administrative practices to the Corporation's detriment.

Information Technology Systems and Cyber-Security

The Corporation has become increasingly dependent upon the availability, capacity, reliability and security of our information technology infrastructure and our ability to expand and continually update this infrastructure, to conduct daily operations. The Corporation depends on various information technology systems to estimate reserve quantities, process and record financial data, manage our land base, manage financial resources, analyze seismic information, administer our contracts with our operators and lessees and communicate with employees and third-party partners. If any of such programs or systems were to fail or create erroneous information in its hardware or software network infrastructure, possible consequences include a loss of communication links or reliable information, an inability to find, produce, process and sell oil and natural gas and an inability to automatically process commercial transactions or engage in similar automated or computerized business activities. Any such consequence which results in a loss of data or are not resolved within a short period of time could have a material adverse effect on Delphi's business.

The Corporation is also subject to a variety of information technology and system risks as a part of its normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach and destruction or interruption of the Corporation's information technology systems by third parties or insiders. Although the Corporation has security measures and controls in place that are designed to mitigate these risks, a breach of its security measures and/or a loss of information could occur and result in a loss of material and confidential information and reputation, breach of privacy laws and a disruption to its business activities. The significance of any such event is difficult to quantify, but may in certain circumstances be material and could have a material adverse effect on the Corporation.

Disposal of Fluids Used in Operations

The safe disposal of the hydraulic fracturing fluids (including the additives) and water recovered from oil and natural gas wells is subject to ongoing regulatory review by the federal and provincial governments, including its effect on fresh water supplies and the ability of such water to be recycled, amongst other things. While it is difficult to predict the impact of any regulations that may be enacted in response to such review, the implementation of stricter regulations may increase the Corporation's costs of compliance.

Carbon Pricing Risk

The majority of countries across the globe have agreed to reduce their carbon emissions in accordance with the Paris Agreement. In Canada, the federal and certain provincial governments have implemented legislation aimed at incentivizing the use of alternative fuels and in turn reducing carbon emissions. The taxes placed on carbon emissions may have the effect of decreasing the demand for oil and natural gas products and at the same time, increasing the Corporation's operating expenses, each of which may have a material adverse effect on the Corporation's profitability and financial condition. Further, the imposition of carbon taxes puts the Corporation at a disadvantage with its counterparts who operate in jurisdictions where there are less costly carbon regulations.

Internal Controls

Effective internal controls are necessary for the Corporation to provide reliable financial reports and to help prevent fraud. Although the Corporation will undertake a number of procedures in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, the Corporation cannot be certain that such measures will ensure that the Corporation will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Corporation's results of operations or cause it to fail to meet its reporting obligations. If the Corporation or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's financial statements and harm the trading price of the Common Shares.

Reputation Risk

The Corporation relies on its reputation to build and maintain positive relationships with stakeholders, to recruit and retain staff, and to be a credible trusted company. Any actions that the Corporation takes that causes a negative public opinion has the potential to negatively impact the Corporation's reputation which may adversely impact its share price, development plans or its ability to continue operations.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of management of the Corporation, there are no legal proceedings to which the Corporation is or was a party to or which any of its property is or was the subject of, nor are any such proceedings known to be contemplated, during the recently completed financial year.

To the knowledge of management of the Corporation, there have not been any penalties or sanctions imposed against the Corporation by a court relating to provincial and territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Corporation, and the Corporation has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of directors, executive officers, senior officers, any direct or indirect shareholder of the Corporation who beneficially owns, or who exercises control or direction over, more than 10% of the outstanding Common Shares or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect Delphi, except that, on June 7, 2017, Luminus Energy Partners Master Fund, Ltd. ("Luminus"), which together with its investment advisor, Luminus Management, LLC, exercises control over 33,980,755 Common Shares (representing approximately 18.3% of the issued and outstanding Common Shares), was issued pursuant to a private placement: (a) 19,650,055 Common Shares at a price of $1.27 per share, or approximately $25.0 million in aggregate, pursuant to the terms of a subscription agreement between Luminus and the Corporation, and (b) $23,750,000 aggregate principal amount of 10 percent senior secured notes of the Corporation due 2021 (the "Notes"), pursuant to the terms of a note purchase agreement between Luminus and the Corporation. See "General Development of the Business – Three Year History – 2017 – Private Placement" for additional details of the private placement.

In connection with the private placement, Luminus and the Corporation entered into an investor rights agreement dated June 7, 2017 (the "Investor Rights Agreement") pursuant to which, among other things, the Corporation granted to Luminus a right (the "Participation Right") to subscribe for and to be issued as part of an offering of equity or voting securities, or securities convertible or exchangeable for equity or voting securities of the Corporation ("Offered Securities"), or any debt with equal ranking to the Notes ("Pari Passu Debt"):

- in the case of an offering of Common Shares, up to such number of Common Shares that will allow Luminus to maintain a percentage ownership interest in the outstanding Common Shares that is the same as the percentage ownership interest that it had immediately prior to completion of such offering;

- in the case of an offering of other Offered Securities, up to such number of Offered Securities that will (assuming the conversion, exercise or exchange of all of the convertible, exercisable or exchangeable Offered Securities issued in connection with the offering and issuable to Luminus pursuant to the Participation Right) allow Luminus to maintain a percentage ownership interest in the Corporation that is the same as the percentage equity ownership interest that it had immediately prior to the completion of such offering; and

- in the case of an offering of Pari Passu Debt, up to a percentage of aggregate principal amount of such Pari Passu Debt that is equal to the percentage of the outstanding Notes held by Luminus or its affiliates at the time such Pari Passu Debt is issued.

The Participation Right applies to Offered Securities or Pari Passu Debt issued by the Corporation pursuant to a public offering, a private placement or otherwise (but excluding certain issuances pursuant to a security compensation plan of the Corporation, the exercise of existing convertible or exchangeable securities of the Corporation, as consideration for a bona fide acquisition of a business whose value is derived primarily from operations relating to exploration and production of oil and natural gas or in connection with the creation of a bona fide joint venture or strategic alliance whose value is derived primarily from operations relating to exploration and production of oil and natural gas). Any issuance of securities to Luminus pursuant to the Participation Right will be at the same subscription price as offered pursuant to the offering and otherwise on substantially the terms and conditions of the offering. Luminus is only entitled to the Participation Right for so long as it continues to own, directly or indirectly, at least 10% of the issued and outstanding Common Shares.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its office in Calgary, Alberta.

MATERIAL CONTRACTS

Other than the Investor Rights Agreement, the Corporation has not entered into any material contracts during the most recently completed financial year, or before the last financial year, other than those entered into in the ordinary course of business.

INTERESTS OF EXPERTS

KPMG LLP, Delphi’s auditor, is independent in accordance with the auditor’s rules of professional conduct of the Institute of Chartered Accountants of Alberta.

Information relating to reserves in this AIF dated March 29, 2018 was evaluated by GLJ as independent reserves evaluators. The partners, employee and consultants of GLJ as a group own less than one percent of the Common Shares of Delphi.

ADDITIONAL INFORMATION

Additional information relating to Delphi is available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (“SEDAR”), which can be accessed at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, is contained in the Information Circular of the Corporation for the Corporation's most recent annual meeting of shareholders that involved the election of directors. Additional financial information is provided in the

Corporation’s audited financial statements and management’s discussion and analysis for the year ended December 31, 2017, available on SEDAR.

APPENDIX A

REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR (NI 51-101 F2)

To the board of directors of Delphi Energy Corp. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2017. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2017, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "COGE Handbook") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).

4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated for the year ended December 31, 2017, and identifies the respective portions thereof that we have evaluated and reported on to the Company's board of directors:

			Net Present Value of Future Net Revenue (before income taxes, 10% discount rate, 000's)			
Independent Qualified Reserves Evaluator	**Effective Date of Evaluation/Report**	**Location of Reserves (Country or Foreign Geographic Area)**	**Audited**	**Evaluated**	**Reviewed**	**Total**
GLJ Petroleum Consultants	December 31, 2017	Canada	-	$ 305,400	-	$ 305,400

6. In our opinion, the reserves data evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

7. We have no responsibility to update our reports referred to in paragraph 5 for events and circumstances occurring after the effective date of our reports.

8. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

GLJ Petroleum Consultants Ltd., Calgary, Alberta, Canada, March 1, 2018

"Originally Signed By"
Ian G. Jacksteit, P. Eng.
Manager, Engineering

APPENDIX B

REPORT OF MANAGEMENT AND DIRECTORS ON RESERVES DATA AND OTHER INFORMATION (NI 51-101 F3)

Management of Delphi Energy Corp. (the "Corporation") is responsible for the preparation and disclosure of information with respect to the Corporation's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2017, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated the Corporation's reserves data. The report of the independent qualified reserves evaluator is presented in Appendix A.

The Reserves Committee of the Board of Directors of the Corporation has:

a. reviewed the Corporation's procedures for providing information to the independent qualified reserves evaluator;

b. met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

c. reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves Committee of the Board of Directors has reviewed the Corporation's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The Board of Directors has, on the recommendation of the Reserves Committee, approved:

a. the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;

b. the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and

c. the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

(signed) *David J. Reid*	(signed) *David J. Sandmeyer*
David J. Reid President & Chief Executive Officer	David J. Sandmeyer Director and Member of the Reserves Committee
(signed) *Rod Hume*	(signed) *Lamont Tolley*
Rod Hume Senior Vice President, Engineering	Lamont Tolley Director and Member of the Reserves Committee

APPENDIX C

ABBREVIATIONS, EQUIVALENCIES AND DEFINITIONS

The following are abbreviations of terms used in this AIF. All calculations converting natural gas to crude oil equivalent have been made using a ratio of 6 mcf of natural gas to one barrel of crude equivalent.

Crude Oil and Natural Gas Liquids

bbl	One barrel equaling 34.972 Imperial gallons or 42 U.S. gallons
bbls/d	Barrels per day
bbls/mmcf	Barrels per million cubic feet
boe	Barrels of oil equivalent
boe/d	Barrels of oil equivalent per day
Mboe	Thousand barrels of oil equivalent
Mmboe	Million barrels of oil equivalent
Mbbls	Thousand barrels
Mmbbls	Million barrels
Mmlts	Million long tonnes
NGL or NGLs	Natural gas liquids, consisting of any one or more of propane, butane and condensate
WI	Working interest

Natural Gas

bcf	Billion cubic feet
bcfe	Billion cubic feet equivalent
bcf/d	Billion cubic feet per day
mcf	Thousand cubic feet
Mcfe	Thousand cubic feet equivalent
mcf/d	Thousand cubic feet per day
Mmcfe	Million cubic feet equivalent
Mmcf	Million cubic feet
Mmcf/d	Million cubic feet per day
Mmbtu	Million British Thermal Units
GJ/d	Gigajoules per day
US$	United Stated dollar
Cdn$	Canadian dollar

The following table sets forth certain standard conversions from Standard Imperial units to the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
Bbls	Cubic metres	0.159
Cubic metres	Bbls	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471
GJ	Mcf	1.055

The following are the note references to the tables disclosed under "Oil and Gas Activities" in this AIF.

(1) **Gross**

(a) In relation to the Corporation's interest in production or reserves, its "company gross reserves", which are the Corporation's working interest (operating or non-operating) share before deduction of royalties and excluding any royalty interest of the Corporation;
(b) In relation to wells, the total number of wells in which the Corporation has an interest;
(c) In relation to properties, the total area of properties in which the Corporation has an interest.

(2) **Net**

(a) In relation to the Corporation's interest in production or reserves, the Corporation's working interest (operating and non-operating) share after deduction of royalty obligations, plus the Corporation's royalty interests in production or reserves;
(b) In relation to the Corporation's interest in wells, the number of wells obtained by aggregating the Corporation's working interest in each of its gross wells.
(c) In relation to the Corporation's interest in a property, the total area in which the Corporation has an interest multiplied by the working interest owned by the Corporation.

(3) Definitions used for reserve categories in the GLJ Report are as set forth, which definitions apply to both estimates of individual reserves entities and the aggregate of reserves for multiple entities:

Reserve Categories

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology; and
- specified economic conditions,

Reserves are classified according to the degree of certainty associated with the estimates.

(a) **Proved reserves** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
(b) **Probable reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

(4) Each of the **reserve categories (proved and probable)** may be divided into developed and undeveloped categories:

(a) **Developed reserves** are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

i. **Developed producing reserves** are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

ii. **Developed non-producing reserves** are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

(5) **Undeveloped reserves** are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable) to which they are assigned. In multi-well pools it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

(6) Levels of Certainty for Reported Reserves

The qualitative certainty levels referred to in the definitions above are applicable to individual reserve entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest level sum of individual entity estimates for which reserves are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

(a) At least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and
(b) At least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

(7) Forecast prices and costs

Future prices and costs that are:

(a) Generally accepted as being a reasonable outlook of the future;
(b) If, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Corporation is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

The forecast summary table identifies benchmark reference pricing that apply to the Corporation.

(8) Future income tax expenses

Future income tax expenses are estimated:

(a) Making appropriate allocations of estimated unclaimed costs and losses carried forward for tax purposes, between oil and gas activities and other business activities;
(b) Without deducting estimated future costs (for example, Crown royalties) that are not deductible in computing taxable income;
(c) Taking into account estimated tax credits and allowances (for example, royalty tax credits); and

(d) Applying to the future pre-tax net cash flows relating to the Corporation's oil and gas activities the appropriate year-end statutory rates, taking into account future tax rates already legislated.

(9) **Development well** – A well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

(10) **Development costs** – Costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from the reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

(a) Gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves;

(b) Drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and wellhead assembly;

(c) Acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and

(d) Provide improved recovery systems.

(11) **Exploration well** – A well that is not a development well, a service well or a stratigraphic test well.

(12) **Exploration costs** – Costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities are:

(a) Costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs");

(b) Costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defense, and the maintenance of land and lease records;

(c) Dry hole contributions and bottom hole contributions;

(d) Costs of drilling and equipping exploratory wells; and

(e) Costs of drilling exploratory type stratigraphic test wells.

(13) Numbers may not add due to rounding.

APPENDIX D

Audit Committee Mandate
(Effective March 6, 2018)

Policy Statement

Delphi Energy Corp. (the "**Corporation**") has established and maintains an Audit Committee (the "**Committee**"), composed entirely of independent directors, to assist the Board of Directors (the "**Board**") in carrying out its oversight responsibility with respect to public reporting related to the Corporation's internal controls, financial reporting and risk management processes. The Committee will be provided with resources commensurate with the duties and responsibilities set out herein and assigned to it by the Board from time to time, including administrative support. If determined necessary by the Committee, it will have the discretion to institute investigations of improprieties, or suspected improprieties, within the scope of its responsibilities, including the standing authority to retain special counsel or experts.

Composition

1. The Committee shall consist of at least three directors. The Board shall appoint the members of the Committee. The Board shall appoint one member of the Committee to be the chair of the Committee (the "**Chair**").
2. Each director appointed to the committee by the Board shall be "independent" as required under the applicable securities laws and the applicable rules of any stock exchange on which the securities of the Corporation are listed.
3. Each member of the Committee shall be "financially literate" as required under the applicable securities laws, including National Instrument 52-110 – *Audit Committees*. To be financially literate, a director must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.
4. A director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation.

Meetings

1. The Committee shall convene a minimum of four times each year at such times and places as may be designated by the Chair and whenever a meeting is requested by the Board, a member of the Committee, the external auditors (the "**auditors**"), or an officer of the Corporation. Meetings of the Committee shall correspond with the review of the interim and annual financial statements and the associated management's discussion and analysis ("**MD&A**").
2. Notice of each meeting of the Committee shall be given to each member of the Committee and to the auditors, who shall be entitled to attend each meeting of the Committee and who shall attend whenever requested to do so by a member of the Committee.
3. A quorum for the transaction of business at a meeting of the Committee shall consist of two members of the Committee.
4. A member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities, as permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.

5. In the absence of the Chair, the members of the Committee shall choose one of the members present to be chair of the meeting. In addition, the members of the Committee shall choose one of the persons present to be the secretary of the meeting.
6. The President and Chief Executive Officer and the Vice President, Finance and Chief Financial Officer and other members of senior management shall be invited to attend meetings of the Committee upon the request of the Committee; subject, however, to the requirement that the Committee (i) hold in camera sessions of the members of the Committee, without management representatives present at every meeting of the Committee, and (ii) meet with the auditors separately and independent of management at every meeting at which the auditors are in attendance.
7. Minutes shall be kept of all meetings of the Committee.

Authority and Reporting

1. In discharging its duties and responsibilities, the Committee shall have the authority to:
   (a) inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates;
   (b) discuss with the management of the Corporation, its subsidiaries and affiliates and staff of the Corporation, any affected party, contractors and consultants of the Corporation and the auditors, such accounts, records and other matters as any member of the Committee considers necessary and appropriate;
   (c) engage independent counsel and other advisors (including a second firm of external auditors) as it determines necessary to carry out its duties; and
   (d) set and pay the compensation for any advisors employed by the Committee.
2. The Committee shall after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.

Primary Duties and Responsibilities

1. The primary role of the Committee is to assist the Board in fulfilling its oversight responsibilities with regard to:
   (a) the integrity of financial reporting to shareholders;
   (b) the integrity of the accounting and financial reporting process and internal controls;
   (c) the Corporation's compliance with legal and regulatory requirements as they relate to financial reporting matters; and
   (d) the auditors' qualifications and independence.

Audit Oversight

1. In connection with audit oversight matters, the Committee will:
   (a) consider the independence and performance of the auditors and annually recommend to the Board the appointment or discharge of the auditors when circumstances are warranted and recommend to the Board the compensation of the auditors;
   (b) review the annual external audit plan with the Corporation's auditors and with management and approve the audit engagement;
   (c) review with the auditors the audit function generally, the objectives, staffing, locations, co-ordination, and scope of proposed audits of the financial statements of the Corporation;
   (d) review with management and the auditors, and recommend to the Board for approval and release to shareholders, the interim and annual financial statements of the Corporation, together with related reports to shareholders, MD&A associated with such financial statements and, when applicable, other public filings (such as prospectus or annual information forms) containing financial disclosure;

(e) review with the auditors and management, and monitor the management of, the principal risks that could affect the financial reporting of the Corporation;

(f) deal directly with the auditors to approve the annual external audit plan, other services (if any) and associated fees;

(g) pre-approve all non-audit services (including estimated fees) to be provided to the Corporation or its subsidiary entities by the auditors or their affiliates, and consider the prospective impact on the independence of the external audit. This pre-approval may be delegated to the Chair where circumstances warrant;

(h) when there is to be a change of auditors, review all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditors and related documentation required pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations*, with respect to a change of auditors (or any successor legislation) and the planned steps for an orderly transition period;

(i) provide an avenue of communication among the auditors (both external and internal, if any), management and the Board, and direct the external auditors to report directly to the Committee;

(j) review all material written communications between the auditors and management; and

(k) review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of auditors.

Financial Reporting

1. In connection with financial reporting matters, the Committee will:

(a) discuss with management and the auditors any proposed changes in major accounting policies or principles, the presentation and effect of significant risks and uncertainties and key estimates and judgements of management that may be material to financial reporting;

(b) review with management and with the auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues;

(c) review any problems experienced or concerns expressed by the auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;

(d) review, independently of management, and without management present, the results of the annual external audit, the audit report and the auditors' review of the related MD&A, and discuss with the auditors the quality of accounting principles used, any alternative treatments of financial information that have been discussed with management, the ramifications of their use, the auditors' preferred treatment and any other material communication with management;

(e) review with management any unadjusted errors identified by the auditors;

(f) review with management the process of identifying, monitoring and reporting the Corporation's risk management policies and procedures and the principal risks affecting financial reporting;

(g) review and evaluate any recommendations of the auditors and decide the appropriate course of action;

(h) review with management and the auditors the audited annual financial statements and related MD&A and make recommendation to the Board with respect to their approval before release to the public;

(i) review with management and the auditors the unaudited interim financial statements and related MD&A, and either approve them or make recommendation to the Board with respect to their approval before release to the public;

(j) before release, review and if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information or earnings guidance, including any prospectus, material change report, annual information form, MD&A or press release;

(k) consider consistency of the data reported in the interim and annual financial statements, MD&A and other public disclosure documents;

(l) review and discuss with management and the auditors and legal counsel, if necessary, any litigation, claim or other contingency, including tax assessments, that could have a material effect on the financial position or operating results of the Corporation, and the manner in which these matters have been disclosed or reflected in the financial statements; and

(m) review with management the Corporation's relationship with regulators and the timeliness and accuracy of the Corporation's filings with regulatory agencies.

Internal Controls and Disclosure Controls and Procedures

1. In connection with the Corporation's internal controls and disclosure controls and procedures, the Committee will:

   (a) consider and review with management and the auditors, the adequacy and effectiveness of internal controls over accounting and financial reporting within the Corporation and any proposed significant changes in such controls;

   (b) review annually the disclosure controls and procedures, including:

      (i) the certification thereof and related process; and

      (ii) the procedures that are in place for the review of the Corporation's disclosure of financial information extracted from its financial statements and the adequacy of such procedures;

   (c) obtain reasonable assurance from management and/or external sources as to the effectiveness of the Corporation's disclosure controls and procedures, and whether there are any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Corporation's ability to record, process, summarize and report financial information or detect any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal control over financial reporting;

   (d) review management's annual report and any auditors' report on the assessment of the effectiveness of the Corporation's internal control over financial reporting;

   (e) receive confirmation from the Chief Executive Officer and the Chief Financial Officer that they are prepared to sign the annual and interim certificates required by applicable securities law;

   (f) review management steps to implement and maintain appropriate internal control procedures; and

   (g) oversee investigations of alleged fraud and illegality relating to the Corporation's finances and any resulting actions.

Financing Matters

1. In connection with financing matters, the Committee will:

   (a) review all securities offering documents (including documents incorporated therein by reference) of the Corporation;

   (b) review findings, if any, from examinations or reviews performed by regulatory agencies with respect to financial matters;

   (c) review management's consideration of the Corporation's compliance with laws and regulations;

(d) review management's assessment of current and expected future compliance with covenants under any financing agreements;

(e) if requested by the Board, review the proposed issuance of debt and equity instruments, including public and private debt, equity and hybrid securities, credit facilities with banks and others, and other credit arrangements such as material capital and operating leases, as well as any related securities filings;

(f) if requested by the Board, review the proposed repurchase of public and private debt, equity and hybrid securities; and

(g) in consultation with management, understand the Corporation's capital structure and financial risks arising from exposure to such things as commodity prices, interest rates, foreign currency exchange rates and credit and review the management of these risks including any proposed hedging of the exposures, including receiving a summary report of the hedging activities and hedge-related instruments.

Other Responsibilities

1. The Committee will:

    (a) consider the amount and terms of any insurance to be obtained or maintained by the Corporation with respect to risks inherent in its operations and potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities;

    (b) consider the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process;

    (c) enquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters, which are directed to the Committee by any member of the Board, a shareholder of the Corporation, the auditors, or management;

    (d) establish and monitor procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the anonymous submission by employees of concerns regarding questionable accounting or auditing matters or other "whistleblower" issues, and review the minutes of any Committee meetings held in connection with any subsidiary companies of the Corporation;

    (e) review and approve the Corporation's hiring policies regarding employees and former employees of the present and former auditors;

    (f) review with management all related party transactions and the development of policies and procedures related to those transactions; and

    (g) review policies and procedures for the review and approval of directors' and officers' expenses, including the use of corporate assets, and consider the results of any review of these areas by an internal audit function, if available, or by the auditors or a third party consultant, as the Committee deems appropriate.

Other

1. The Committee shall review, on an annual basis this mandate and recommend any changes to the Board.
2. The Committee will perform any other activities consistent with this mandate, the Corporation's bylaws and applicable laws as the Committee or the Board deems necessary or appropriate.

Scope and Reliance

1. While the Committee has the responsibilities, duties and authorities herein, it is not required to plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate or are in accordance with generally accepted accounting principles and

applicable rules and regulations. These are the responsibilities of management and the auditors. The Committee, its Chair and any of its members who have accounting or related financial management experience or expertise, are members of the Board, appointed to the Committee to provide broad oversight to the financial disclosure, financial risk and control related activities of the Corporation, and are specifically not accountable nor responsible for the day-to-day operation of such activities. Although designation of a member or members as being "financially literate" is based on each such individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, designation as being "financially literate" does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of any financially literate individual or financial expert, like the role of all Committee members, is to oversee the process and not to certify or guarantee the internal or external audit of the Corporation's financial information or public disclosure.

2. Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Corporation from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations, and (iii) representations made by management of the Corporation and the external auditors of the Corporation, as to any information technology, internal audit and other non-audit services provided by the external auditors to the Company and its subsidiaries.