MANAGEMENT'S DISCUSSION AND ANALYSIS

(All tabular amounts are stated in thousands of dollars, except per unit amounts)

Delphi Energy Corp. ("Delphi" or the "Company") is an oil and natural gas company based in Calgary, Alberta, focused on the exploration, development, and production of crude oil, natural gas and natural gas liquids from properties located in Western Canada. Delphi's operations are concentrated in the Deep Basin of Northwest Alberta. Additional information about Delphi is available on the Canadian Securities Administrators' System for Electronic Distribution and Retrieval (SEDAR) at www.sedar.com and at the Company's website at www.delphienergy.ca.

Management's discussion and analysis ("MD&A") has been prepared by management and reviewed and approved by the Board of Directors of Delphi Energy Corp. ("Delphi" or "the Company"). The discussion and analysis is a review of the financial position and results of operations of the Company. Its focus is primarily a comparison of the financial performance for the three months ended March 31, 2020 and 2019 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2020 and 2019 and the audited consolidated financial statements and accompanying notes for the year ended December 31, 2019 and the related MD&A. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The reporting currency is the Canadian dollar. The discussion and analysis has been prepared as of June 23, 2020.

FIRST QUARTER 2020 HIGHLIGHTS

- Delphi drilled three wells in liquids-rich West Bigstone and achieved record cost reductions to the drilling and completions program;
- Realized $4.9 million of hedging gains on risk management contracts for the three months ended March 31, 2020;
- Average production in the quarter of 6,575 barrels of oil equivalent per day ("boe/d") was down 25 percent from the comparative period in 2019. During the first quarter of 2020, the liquids yield averaged 112 bbls/mmcf, comparable to the 116 bbls/mmcf in the first quarter of 2019. Of the 112 bbls/mmcf, 81 bbls/mmcf were the higher valued condensate and pentane products. The Company's production portfolio for the first quarter of 2020 was weighted 26 percent to field condensate, 14 percent to natural gas liquids and 60 percent to natural gas;
- Crude oil and natural gas revenue was $14.3 million, a decrease of 46 percent from the comparative quarter in 2019 due to lower production and significantly lower realized prices before hedging for field condensate, NGL and natural gas. Field condensate contributed 54 percent of crude oil and natural gas revenue while natural gas and NGL contributed 36 and 10 percent respectively;
- Delphi's realized natural gas price, before marketing loss and excluding realized gains on risk management, averaged $2.37 per thousand cubic feet ("mcf") comparing favourably to the average daily AECO benchmark which averaged $2.04 per mcf. Approximately 51 percent of the Company's natural gas was sold in the Chicago natural gas market;
- Operating expenses decreased $1.0 million in the three months ended March 31, 2020, in comparison to the same period in 2019 primarily reflecting the reduction in third-party processing fees. A combination of lower natural gas volumes from both natural declines and shut-in wells in conjunction with shifting processing of volumes to Delphi's 25% owned facility resulted in overall savings for the quarter;
- Transportation expenses decreased $0.8 million from the comparative quarter primarily due to lower committed natural gas volumes as the Company sold 16 mmcf/d of firm transportation on the Alliance pipeline system in the third quarter of 2019;
- The cash netback before risk management, decreased 59 percent in the first quarter of 2020 compared to the same period in 2019 primarily due to continued commodity price weakness, in particular for natural gas and natural gas liquids, partially offset by effective cost management of operating costs;
- Delphi's adjusted funds flow decreased $8.5 million in the three months ended March 31, 2020, down from the $12.4 million in the comparative quarter of 2019. The decrease in adjusted funds flow in the first quarter of 2020 is primarily due to lower revenues as a result of declining commodity benchmark prices in combination with lower production volumes;
- Decreased bank debt including working capital deficiency by $38.0 million in comparison to the first quarter of 2019. The significant reduction in bank debt including working capital deficiency is primarily attributed to $11.5 million of net proceeds from the sale of a portion of firm commitment on the Alliance transportation system in the third quarter of 2019 and the net proceeds of $23.7 million from the Recapitaliation Transaction; and

- On April 14, 2020, the Company commenced a strategic process through a court supervised proceeding and obtained an initial order from the Court of Queen's Bench of Alberta under the Companies' Creditors Arrangement Act.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three months ended March 31		
	2020	2019	% Change
Financial			
($ thousands, except per share)			
Crude oil and natural gas revenues	**14,259**	26,353	(46)
Net loss	**(109,970)**	(18,507)	494
Per share – basic and diluted	**(5.31)**	(1.50)	254
Cash flow from operating activities	**6,830**	9,222	(26)
Per share – basic and diluted(1)	**0.33**	0.75	(56)
Adjusted funds flow(1)	**3,819**	12,351	(69)
Per share – basic and diluted(1)	**0.18**	1.00	(82)
Net debt(1)	**164,403**	196,031	(16)
Capital expenditures, net of dispositions	**22,288**	22,478	(1)
Weighted average shares (000s)			
Basic and diluted	**20,695**	12,370	67
Operating			
(boe conversion – 6:1 basis)			
Production:			
Field condensate (bbls/d)	**1,683**	2,323	(28)
Natural gas liquids (bbls/d)	**958**	1,265	(24)
Natural gas (mcf/d)	**23,601**	31,024	(24)
Total (boe/d)	**6,575**	8,759	(25)
Average realized sales prices, before financial instruments			
Field condensate ($/bbl)	**50.79**	58.08	(13)
Natural gas liquids ($/bbl)	**16.01**	35.81	(55)
Natural gas ($/mcf)	**2.37**	3.60	(34)
Netbacks ($/boe)			
Crude oil and natural gas revenues	**23.83**	33.43	(29)
Marketing income (loss)(1)	**(0.71)**	1.61	(144)
Realized gain on financial instruments	**8.17**	2.68	205
Revenue, after realized financial instruments	**31.29**	37.72	(17)
Royalties	**(1.87)**	(1.88)	(1)
Operating expense	**(10.13)**	(8.96)	13
Transportation expense	**(3.92)**	(4.03)	(3)
Operating netback (1)	**15.37**	22.85	(33)
General and administrative expenses	**(2.48)**	(2.09)	19
Finance charges	**(6.23)**	(4.89)	27
Settlement of unutilized take-or-pay contract	**(0.28)**	(0.21)	33
Cash netback (1)	**6.38**	15.66	(59)

(1) Refer to non–GAAP measures

FUTURE OPERATIONS AND CCAA PROCEEDINGS

Going Concern

On April 14, 2020, the Company obtained an initial order (the “Initial Order”) from the Court of Queen’s Bench of Alberta (the “Court”) under the Companies’ Creditors Arrangement Act (“CCAA”). Leading up to CCAA, Delphi was facing a breach of its Total Debt to EBITDA ratio at March 31, 2020 under its credit agreement with its senior secured lenders. Further, for the quarter ended March 31, 2020 Delphi recorded a net loss of $110 million, had a working capital deficit of $40 million and is not currently able to discharge its liabilities as they come due. Furthermore, there have been liens placed on the Company’s assets. As a result of the foregoing, a material uncertainty does exist that casts significant doubt on the Company’s ability to continue as a going concern.

Future operations are dependent on the Company being able to restructure its balance sheet in order to obtain the financing necessary to continue operations and to provide the opportunity to generate positive cash flow from operations, maintain existing operations and have the ability to discharge obligations as they become due. Also, future operations are dependent on the Company’s ability to comply with the covenants contained in the Interim Financing Agreement (refer to Interim Financing below), the Company’s ability to successfully complete the Strategic Process (as defined below) and to obtain Court and required stakeholder approval of any transaction or plan of compromise arising therefrom. Currently, the Company has creditor protection continuing until October 9, 2020 to facilitate the completion of the Strategic Process however there is no guarantee that the Company will be successful in completing a Strategic Process within the required time-frame. The Company’s financial liquidity condition and the risks and material uncertainties associated with the implementation of the Strategic Process cause significant doubt about the Company’s ability to meet its current obligations and the Company's ability to continue as a going concern. The Financial Statements have been prepared on a basis which assumes that the Company will continue to have the ability to realize its assets and discharge its liabilities and commitments in a planned manner giving consideration to expected possible outcomes. Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that may be necessary should the Company not continue as a going concern. These adjustments could be material.

Companies' Creditors Arrangement Act ("CCAA") Proceedings

On November 26, 2019, the Company completed a series of transactions (collectively, the “Recapitalization Transaction”) in connection with Delphi’s priority of improving financial strength and liquidity. The Recapitalization Transaction successfully achieved, among other things, i) the extension of the maturity date of the Company’s $105.0 million Senior Secured Notes due July 15, 2021 (“Existing Notes”) to April 15, 2023 (see Note 9), ii) raised gross proceeds of $46.5 million through the issuance of new equity and additional senior secured notes exclusively for the development of the Company’s Bigstone Montney asset or consolidation of assets in Delphi’s core area (of which $15.5 million was subsequently returned to subscribers), and iii) provided for a common share consolidation of 15 to 1. For additional information of the Recapitalization Transaction, please see Management’s Discussion and Analysis for the year ended December 31, 2019.

With the Recapitalization Transaction completed and the Company having received two thirds of the gross proceeds raised (in accordance with the escrow release conditions) to fund the development and completion of its 2020 winter capital program, Delphi was aligned to be in a position of growth and debt repayment in 2020. However, with the unprecedented oil price collapse caused by the Russia-Saudi Arabia oil price war and an over supplied market due to an overwhelming decline in demand caused by the COVID-19 pandemic, the Company was facing a breach of its Total Debt to EBITDA ratio at March 31, 2020 under its credit agreement with its senior secured lenders. Delphi was unable to negotiate an agreement with its senior secured lenders that would have provided a waiver or amendment of the financial covenant. Accordingly, Delphi determined that in the circumstances, it is in the best interests of the Company and its stakeholders to implement a strategic alternatives process (the “Strategic Process”), which may involve the sale of all or a portion of the business and assets or shares of the Company, or a refinancing, recapitalization or other restructuring through a court supervised proceeding. On April 14, 2020, the Company obtained an initial order (the “Initial Order”) from the Court of Queen’s Bench of Alberta (the “Court”) under the Companies’ Creditors Arrangement Act (“CCAA”). PricewaterhouseCoopers Inc. has been appointed monitor (the “Monitor”) in the CCAA proceedings.

Pursuant to the Initial Order, among other things, a stay of proceedings was granted in respect of the Company for an initial period expiring on April 24, 2020. On April 24, 2020, the Company obtained an amended and restated initial order from the Court to, among other things, extend the stay period provided by the initial order to May 8, 2020. Effective April 30, 2020, the senior lenders’ exercised their right to terminate the commodity swap contracts held by the Company totaling $17.2 million. The proceeds were used to reduce bank indebtedness owed to the senior lenders. On May 8, 2020, Luminus Energy IE Designated Activity Company (“Luminus Energy”), an affiliate of a pooled investment vehicle of Luminus Management, LLC (“Luminus”), purchased an assignment of all of the rights of Delphi’s first lien senior secured lenders under Delphi’s credit facilities. Luminus is a related party of Delphi which, through one or more of its pooled investment vehicles or affiliates thereof, holds 14,065,138 common shares, representing approximately 57% of Delphi’s outstanding common shares, and approximately $58.7 million principal amount of Delphi’s senior secured notes, representing approximately 49% of the outstanding senior secured notes. In addition, on May 8, 2020, the Company obtained a further extension of the stay period provided by the amended and restated initial order to May 22, 2020 to allow for interim financing for the Company to be negotiated and finalize, for a claims process to be prepared, and for the Company to continue its restructuring efforts. Delphi intends to continue to pay its employees for services rendered during the CCAA proceedings and intends to pay its suppliers for goods and services provided to the Company following the commencement of the CCAA proceedings.

On May 22, 2020 the Company obtained an order from the Court to i) extend the stay period to October 9, 2020, ii) approve interim financing arrangements intended to fund the Company's operations and expenses during the CCAA proceedings, and iii) approving a claims process with a claims bar date of July 10, 2020. Interim financing arrangements have been provided by ATB Financial pursuant to an interim letter of credit facility, in an aggregate amount not to exceed $6.25 million, and by Luminus Energy, pursuant to an interim loan facility, in an aggregate amount not to exceed $13.5 million ("Interim Financing"). ATB Financial and Luminus Energy have respectively been granted third and fourth ranking super-priority charges over the Company's and its subsidiaries' assets and property in connection with such facilities. The extension of the stay period to October 9, 2020 is expected to allow Delphi time to pursue restructuring efforts for the benefit of all stakeholders. The Company currently intends to work toward developing a plan of compromise and arrangement under the CCAA to be voted on by its creditors. The CCAA proceedings are currently in the early stages of the progress. The extent of compromise, if any, is not determinable and is subject to future events including completion of a Strategic Process. There can be no guarantee that the Company will be successful in completing the Strategic Process or implementing a plan of compromise and arrangement. The Company has reclassified its indebtedness outstanding on the senior secured facilities as a current liability at March 31, 2020 as a result of the non-compliance with the Total Debt to EBITDA ratio required under the senior secured facilities. As a result of obtaining the Initial Order on April 14, 2020, the full balance of the senior secured notes is considered due and payable at that date and, as such, will be classified as a current liability subsequent to March 31, 2020.

As a result of the commencement of CCAA proceedings, a return event has occurred in respect of Delphi's previously issued equity subscription receipts ("ESRs") and note subscription receipts ("NSRs") effective April 14, 2020. In accordance with their terms, all outstanding ESRs and NSRs were cancelled and the escrowed proceeds in respect of the ESRs and NSRs (in the aggregate amount of $15.5 million), together with all interest accrued thereon and escrowed note fee payments previously paid by Delphi in respect of the NSRs, have been returned to their holders.

In accordance with the policies of the Toronto Stock Exchange (the "TSX"), in connection with the CCAA proceedings, the common shares and other securities of the Company have been delisted from the TSX effective at the close of market trading on May 21, 2020. Delphi's common shares and other securities remain suspended from trading.

2020 DRILLING AND COMPLETIONS OPERATIONS

Well Location	Gross	Net	Drilled (Rig Released)	Completed	On-stream
100/13-12-060-24W5	1.0	1.0	Q1 2020	Q1 2020	April 3, 2020
100/14-12-060-24W5	1.0	1.0	Q1 2020	Q1 2020	Tested not brought on
100/03-30-059-23W5	1.0	1.0	Q1 2020	Q1 2020	March 30, 2020

In the first three months of 2020, Delphi drilled three wells in liquids-rich West Bigstone. The first two wells of the 2020 drilling program were the 100/13- 12-60-24W5 ("13-12") & 100/14-12-60-24W5 ("14-12") Montney wells. These wells were drilled from a two well pad with a surface location of 100/14-36-59-24W5 ("14-36") situated between Delphi's two existing producers at 100/16-10-60-24W5 and 100/16-12-60-24W5. The third Montney well of the 2020 drilling program was the 100/03-30-59-23W5 ("03-30"), drilled west of the existing 103/16-31-59-23W5 well. The 14-12 has not been brought on production as Delphi is managing volumes during this low commodity price environment. In comparison, in the first three months of 2019, Delphi drilled the remaining well (0.65 net) of a four-well pad which was brought on-stream in 2019.

CAPITAL EXPENDITURES

	Three Months Ended March 31		
	2020	2019	% Change
Drilling, completions and equipping	**20,639**	14,466	43
Facilities	**1,310**	7,373	(82)
Land	**50**	19	163
Capitalized expenses	**273**	582	(53)
Other	**16**	38	(58)
Total capital	**22,288**	22,478	(1)

During the first quarter of 2020, Delphi spent $22.3 million primarily on the drilling, completions and equipping operations on three (3.0 net) wells. The Company achieved record cost reductions in its drilling and completions program under the direction of Delphi's new Vice President, Development. The Company changed its drilling and completions practice and made significant improvements in managing the capital program resulting in approximately $2.5 million of savings per well in comparison to Delphi's 2019 capital program.

As of March 31, 2020, Delphi has a working interest in a total of 117 (76.3 net) sections of undeveloped and partially undeveloped land as part of 147 (97.1 net) sections of total land prospective for liquids-rich natural gas in the Montney formation, situated at its core area of Bigstone.

PRODUCTION

	Three Months Ended March 31		
	2020	2019	% Change
Field condensate (bbls/d)	**1,683**	2,323	(28)
Ethane (bbls/d)	**5**	9	(44)
Propane (bbls/d)	**384**	565	(32)
Butane (bbls/d)	**335**	397	(16)
Pentanes & plant condensate (bbls/d)	**234**	294	(20)
Total field condensate and natural gas liquids	**2,641**	3,588	(26)
Natural gas (mcf/d)	**23,601**	31,024	(24)
Total (boe/d)	**6,575**	8,759	(25)

Production in the first quarter of 2020 averaged 6,575 boe/d, a 25 percent decrease from the comparative period in 2019. During the second quarter of 2019, the Company brought on production a four-well (2.6 net) pad and no additional production was brought on until March 30, 2020, when one of the Company's three well program was brought on-stream.

During the first quarter of 2020, the liquids yield averaged 112 bbls/mmcf, comparable to the 116 bbls/mmcf in the first quarter of 2019. Of the 112 bbls/mmcf, 81 bbls/mmcf were the higher valued condensate and pentane products.

The Company's production portfolio for the first quarter of 2020 was weighted 26 percent to field condensate, 14 percent to natural gas liquids and 60 percent to natural gas. The production portfolio for the comparative quarter in 2019 was weighted 27 percent to field condensate, 14 percent to natural gas liquids and 59 percent to natural gas.

BUSINESS ENVIRONMENT

Benchmark Prices and Economic Parameters

	Three Months Ended March 31		
	2020	2019	% Change
Natural Gas			
Chicago City Gate MI (US $/mmbtu)	**1.95**	3.33	(41)
Chicago City Gate DI (US $/mmbtu)	**1.74**	3.10	(44)
AECO 5A (CDN $/mcf)	**2.04**	2.60	(22)
AECO 7A (CDN $/mcf)	**2.14**	1.94	10
Crude Oil			
West Texas Intermediate (US $/bbl)	**46.08**	54.90	(16)
West Texas Intermediate (CDN$/bbl)	**61.53**	72.99	(16)
Edmonton condensate to WTI Differential (CDN $/bbl)	**(0.38)**	(5.85)	(94)
Foreign Exchange			
Canadian to U.S. dollar	**0.74**	0.75	(1)
U.S. to Canadian dollar	**1.34**	1.33	1

Natural Gas

Delphi ships approximately half of its natural gas production through the Alliance pipeline system into the Chicago market. Chicago City Gate is the primary benchmark for Delphi's natural gas sales in the United States. The remainder of Delphi's natural gas production is sold in Alberta on the NGTL system. The AECO 5A price is the primary benchmark for the Company's natural gas sales in Alberta.

The Chicago City Gate benchmark natural gas prices for the three months ended March 31, 2020 decreased 41 percent in comparison to the same period in 2019. The decline in the Chicago benchmark price is primarily due to lower demand for natural gas as a result of lower seasonal demand from moderate winter weather in US Midwest and the COVID-19 health pandemic.

The average daily AECO benchmark natural gas price decreased 22 percent in the three months ended March 31, 2020 in comparison to the three months ended March 31, 2019. The decrease in the AECO benchmark is primarily due to lower demand for heating purposes due to a warmer winter season.

Crude Oil

West Texas Intermediate ("WTI") oil prices started the year relatively strong with January 2020 averaging US$57.53 per barrel and rapidly declining to an average of US$30.45 per barrel in March 2020. During the three months ended March 31, 2020, WTI benchmark price declined 16 percent compared to the same period in 2019. WTI benchmark decreased primarily due to a growth in oil supply from OPEC+ and the steep decline in oil demand as a result of the global COVID-19 health pandemic.

Natural Gas Liquids

Natural gas liquids, including ethane, propane, butane, pentane and plant condensate, are generally priced off light oil and natural gas prices. Ethane prices are correlated to natural gas prices while propane and butane prices trade at a discount to light oil prices depending on supply and demand conditions.

Canadian/United States Exchange Rate

The value of the Canadian dollar against its U.S. counterpart was comparable in the three months ended March 31, 2020 in comparison to the same period in 2019. As a producer of natural gas sold in the United States, a decrease in the Canadian dollar relative to its U.S. counterpart has a positive effect on the price received for production.

REALIZED SALES PRICES

	Three Months Ended March 31		
	2020	2019	% Change
Chicago			
Chicago City Gate MI (CDN$/mcf)	**2.61**	4.42	(41)
Heating content and marketing ($/mcf)	**(0.09)**	(0.12)	(25)
Realized price before risk management contracts ($/mcf)	**2.52**	4.30	(41)
AECO			
AECO 5A ($/mcf)	**2.04**	2.60	(22)
Heating content and marketing ($/mcf)	**0.18**	0.04	350
Realized price before risk management contracts ($/mcf)	**2.22**	2.64	(16)

Combined Natural Gas			
Realized natural gas price before risk management contracts ($/mcf)	**2.37**	3.60	(34)
Realized gain (loss) on financial contracts ($/mcf)	**0.28**	(0.59)	(147)
Realized natural gas price ($/mcf)	**2.65**	3.01	(12)
Marketing income ($/mcf) (1)	**(0.20)**	0.46	(143)
Natural gas price including marketing income ($/mcf)	**2.45**	3.47	(29)

	Three Months Ended March 31		
	2020	2019	% Change
Field Condensate			
WTI (CDN$/bbl)	**61.53**	72.99	(16)
Edmonton condensate to WTI Differential ($/bbl)	**(0.38)**	(5.85)	(94)
Edmonton condensate	**61.15**	67.14	(9)
Differential and marketing ($/bbl)	**(10.36)**	(9.06)	14
Realized price before risk management contracts ($/bbl)	**50.79**	58.08	(13)
Realized gain on financial contracts ($/bbl)	**26.56**	15.93	67
Realized field condensate price ($/bbl)	**77.35**	74.01	5
Natural Gas Liquids			
Realized natural gas liquids price ($/bbl)	**16.01**	35.81	(55)
Realized gain on financial contracts ($/bbl)	**2.57**	3.71	(31)
Realized natural gas liquids price ($/bbl)	**18.58**	39.52	(53)
Total realized sales price ($/boe)	**32.00**	36.12	(11)

(1) Refer to non–GAAP measures

Delphi sells natural gas in the Chicago market through the Alliance pipeline system and in the AECO market through the NGTL system. In the first quarter of 2020, Delphi sold approximately half of its natural gas in the Chicago market and the other half of its natural gas in the AECO market. This compares to the proportion of natural gas sold in the Chicago market for the first quarter of 2019 at 56 percent. Natural gas that is sweetened at the Company's amine facility is further processed at its 25 percent owned Bigstone sweet natural gas plant and shipped on the NGTL pipeline system. With the decline in Chicago benchmark and lower processing costs for natural gas processed at the Bigstone sweet natural gas plant in comparison to natural gas processed at SemCAMS K3 natural gas processing plant, the Company has made an effort to maximize the natural gas volumes that are sweetened at the amine facility thus increasing the volume of natural gas shipped on the NGTL system.

Differentials for marketing are caused by differences between the daily and monthly benchmark price indices. The majority of the natural gas volumes that were shipped on the Alliance pipeline system were sold with reference to the monthly index and the remainder of the volumes were sold with reference to the daily index. The majority of natural gas volumes shipped on NGTL are sold with reference to AECO 5A index and the remainder with reference to AECO 7A.

For the three months ended March 31, 200, Delphi's realized natural gas price before risk management contracts decreased 34 percent in comparison to the same period in 2019 primarily due to an increase in the proportion of natural gas sales in Alberta coupled with a decrease in benchmark prices.

Realized field condensate prices before risk management contracts were 13 percent lower in the three months ended March 31, 2020 compared to the same period in 2019. The decrease in the realized price before risk management is primarily due to the decrease in the WTI benchmark.

Delphi's realized price for natural gas liquids has declined in comparison to the first quarter of 2019. A significant increase in the supply of natural gas liquids, in particular propane and butane, coupled with a decrease in demand have caused a substantial reduction in the price received for these products. In addition, the significant increase in supply led to tightening capacity at fractionation plants causing fractionation fees, which are passed on by the purchaser, to increase by 55 percent.

RISK MANAGEMENT ACTIVITIES

In an effort to mitigate commodity price fluctuations for natural gas, crude oil and natural gas liquids, Delphi enters into financial commodity contracts as part of its risk management program designed to protect cash flows through to simple payout on the drilling and completion portion of its capital program.

On April 24, 2020, Delphi received notice of the lenders' intention to exercise their right to terminate the commodity swap contracts held by the Corporation, in aggregate totaling $17.2 million. The contracts were terminated on April 30, 2020 and the proceeds were used to reduce indebtedness owing under the senior credit facilities. See Liquidity and Capital Resources section of this MD&A.

Fair value of Delphi's risk management contracts

With respect to financial contracts, which are derivative financial instruments, management has elected not to use hedge accounting and consequently records the fair value of its natural gas and crude oil financial contracts on the statement of financial position at each reporting period with the change in the fair value being classified as unrealized gains and losses in the consolidated statement of earnings (loss).

The fair value of the financial contracts outstanding as at March 31, 2020 is estimated to be a net asset of $15.7 million. The fair values of these contracts are based on an approximation of the amounts that would have been paid to or received from counterparties to settle the contracts outstanding at the end of the period having regard to forward prices and market values provided by independent sources. Due to the inherent volatility in commodity prices, foreign exchange and interest rates, actual amounts realized may differ from these estimates.

For the three months ended March 31, 2020, Delphi recorded an unrealized gain on its risk management contracts of $9.4 million. The unrealized gain recognized for the three months ended March 31, 2020 is the difference between the fair values of the risk management contracts outstanding as at March 31, 2020 and the fair values as at December 31, 2019.

During the first quarter of 2020, Delphi unwound portions of some risk management contracts for proceeds of $1.3 million. Including the monetization of these contracts, Delphi realized gains of $4.9 million for the three months ended March 31, 2020. The realized gains are primarily due to higher average pricing for the Company's crude oil and propane risk management contracts relative to the benchmark commodity prices during the respective periods.

REVENUES

CRUDE OIL AND NATURAL GAS REVENUES

	Three Months Ended March 31		
	2020	2019	% Change
Field condensate	**7,780**	12,143	(36)
Natural gas	**5,091**	10,052	(49)
Natural gas liquids	**1,396**	4,077	(66)
Sulphur	**(8)**	81	(110)
Total	**14,259**	26,353	(46)
Per boe	**23.83**	33.43	(29)

For the three months ended March 31, 2020, Delphi generated $14.3 million of revenues from the sale of its crude oil and natural gas, down $12.1 million from the comparative quarter in 2019. Field condensate contributed 55 percent of total revenues in the three months ended March 31, 2020, compared to 46 percent in the same period in 2019.

The impact on revenues due to variance of volumes and realized prices before risk management is as follows:

	Three Months Ended March 31		
	2020	2019	($000's)
Crude oil and natural gas revenues, March 31, 2019			**26,353**
Revenue change due to:			
Field condensate			
Volume (bbl/d)	1,683	2,323	**(2,841)**
Realized price (1) ($/bbl)	50.79	58.08	**(1,523)**
Natural gas			
Volume (mcf/d)	23,601	31,024	**(1,527)**
Realized price (1) ($/mcf)	2.37	3.60	**(3,434)**
Natural gas liquids			
Volume (bbl/d)	958	1,265	**(427)**
Realized price (1) ($/bbl)	16.01	35.81	**(2,254)**
Sulphur			**(88)**
Crude oil and natural gas revenues, March 31, 2020			**14,259**

(1) Realized price before gains or losses on commodity price risk management contracts.

MARKETING

	Three Months Ended March 31		
Marketing Revenue	**2020**	2019	% Change
Sale of purchased natural gas	**951**	752	26
Premiums on the assignment of service	**-**	1,185	-
Total	**951**	1,937	(51)

	Three Months Ended March 31		
Marketing Expense	**2020**	2019	% Change
Cost of purchased natural gas	**950**	441	115
Transportation of purchased natural gas	**432**	224	93
Total	**1,382**	665	108

	Three Months Ended March 31		
Marketing Income (1)	**2020**	2019	% Change
Gain (loss) on marketing of purchased natural gas	**(431)**	87	(595)
Premium on the assignment of service	**-**	1,185	-
Total	**(431)**	1,272	(134)
Marketing income per boe	**(0.71)**	1.61	(144)

(1) Refer to non–GAAP measures

Delphi has approximately 29.8 mmcf/d of firm transportation service and 7.5 mmcf/d of priority interruptible service on the Alliance pipeline system from Alberta to Chicago. This service is fully renewable commencing October 2020. In order to mitigate the cost of transportation service in excess of its needs, Delphi either temporarily assigns the excess service to other shippers or purchases natural gas in Alberta or British Columbia for sale in Chicago.

The Company realized a loss on its marketing activities associated with purchasing natural gas to fulfill its transmission commitment on Alliance as the Chicago benchmark decreased 41 percent in the first quarter of 2020 in comparison to the first quarter of 2019. In addition, due to the unfavourable arbitrage between Chicago and AECO benchmark, the Company was not able to charge a premium over the Alliance tariff for its temporary assignments of excess transmission service in the first quarter of 2020.

ROYALTIES

	Three Months Ended March 31		
	2020	2019	% Change
Crown royalties	**1,242**	1,372	(9)
Royalty credits	**(634)**	(704)	(10)
Crown royalties – net	**608**	668	(9)
Gross overriding royalties	**509**	813	(37)
Total	**1,117**	1,481	(25)
Per boe	**1.87**	1.88	(1)

	Three Months Ended March 31		
	2020	2019	% Change
Crown rate – before royalty credits	**8.7%**	5.2%	67
Crown rate – net of royalty credits	**4.3%**	2.5%	72
Gross overriding rate	**3.6%**	3.1%	16
Average rate	**7.8%**	5.6%	39

The royalty rate calculations above exclude gains or losses on risk management activities from revenue as the denominator.

For the three months ended March 31, 2020, royalties totaled $1.1 million, compared to $1.5 million for the same period in 2019. Royalties in the first quarter of 2020 have decreased due to lower production volumes in combination with a decrease in commodity prices, particularly for propane and butane.

The average Crown royalty rate before royalty credits has increased to 8.7 percent in the three months ended March 31, 2020, in comparison to 5.2 percent for the same period in 2019. Some of the Company's Montney field condensate production, drilled prior to January 1, 2017, which fall under to old royalty regime, have come off of royalty holidays which increases the royalty rate from zero percent to an average of approximately 40 percent (depending on individual well factors and benchmark prices). All of Delphi's production from wells drilled subsequent to January 1, 2017 qualify for reduced Crown royalty rates under the Modern Royalty Framework which currently imposes a five percent royalty rate on all products until certain conditions are met. The Company's three new wells drilled in the first quarter of 2020 will reduce the Crown royalty rate going forward as the wells qualify for the lower rates under the Modern Royalty Framework.

Gross overriding royalties were 3.6 percent in the three months ended March 31, 2020 in comparison to 3.1 percent for the same period in 2019. The increase in the gross overriding royalty in the first quarter of 2020 over the comparative period in 2019 is due to the encumbrance of a gross overriding royalty on production from the four well pad that was completed early in the second quarter of 2019. Production from the Company's three new wells in 2020 are not encumbered by gross overriding royalties.

OPERATING EXPENSES

	Three Months Ended March 31		
	2020	2019	% Change
Production costs	**6,375**	7,515	(15)
Processing recoveries	**(316)**	(453)	(30)
Total	**6,059**	7,062	(14)
Per boe	**10.13**	8.96	13

In the three months ended March 31, 2020, production expenses decreased $1.0 million in comparison to the same period in 2019. The decrease in operating expenses is primarily due to $0.7 million of reduced processing fees as a result of lower natural gas volumes in combination with additional volumes being processed at the Company's 25 percent owned Bigstone sweet natural gas plant versus SemCAMS K3 and the shut-in of production from the Company's southernmost wells which are processed at the Edson Plant. Processing fees at SemCAMS K3 and the Edson Plant are greater than the Company's share of expenses from its 25 percent interest in the Bigstone sweet natural gas plant.

TRANSPORTATION EXPENSES

	Three Months Ended March 31		
	2020	2019	% Change
Transportation	**2,343**	3,175	(26)
Transportation per boe	**3.92**	4.03	(3)

The Company's transportation expenses consist of shipping natural gas on the Alliance and NGTL pipeline systems, trucking field condensate to sales terminals and shipping its natural gas liquids through the Pembina pipeline system.

Transportation expenses in the three months ended March 31, 2020 decreased 26 percent in comparison to the same period in 2019 primarily due to a decrease in transportation for natural gas and field condensate trucking. The decrease in natural gas transportation is due to a reduction of firm transportation service with Alliance as the Company permanently assigned approximately 16 mmcf/d of its Alliance service in November 2019. Trucking for field condensate decreased due to lower field condensate production volumes.

GENERAL AND ADMINISTRATIVE

	Three Months Ended March 31		
	2020	2019	% Change
Gross expenses	**1,839**	2,229	(17)
Capitalized	**(356)**	(582)	(39)
General and administrative expenses	**1,483**	1,647	(10)
Per boe	**2.48**	2.09	19

General and administrative expenses for the three months ended March 31, 2020 were $0.4 million or 17 percent lower compared to the same period in 2019. The decrease in general and administrative costs is primarily due to lower personnel costs, as the Company completed some restructuring in November 2019 in conjunction with the Recapitalization Transaction, and suspended its employee savings plan on May 1, 2019, partially offset by some restructuring costs associated with the Strategic Process. Capitalized general and administrative expenses decreased in the three months ended March 31, 2020 as personnel costs decreased.

SHARE-BASED COMPENSATION

	Three Months Ended March 31		
	2020	2019	% Change
Share-based compensation	**(2)**	308	(101)
Capitalized costs	**(2)**	(85)	(98)
Net	**(4)**	223	(102)
Per boe	**(0.01)**	0.28	(104)

Share-based compensation expense is the amortization over the vesting period of the fair value of stock options granted to employees and directors of the Company. The fair value of all options granted is estimated at the date of grant using the Black-Scholes option pricing model.

The Company recorded a recovery of share-based compensation in the first quarter of 2020 as twelve thousand options were forfeited due to the departure of some employees. The Company has not granted any stock options since the third quarter of 2018.

FINANCE COSTS

	Three Months Ended March 31		
	2020	2019	% Change
Interest	**3,825**	3,620	6
Finance charges in relation to lease obligations	**31**	73	(58)
Accretion of decommissioning liabilities	**111**	144	(23)
Finance charges	**648**	474	37
Foreign exchange (gain) loss	**(130)**	160	(181)
Total finance costs	**4,485**	4,471	-
Per boe	**7.50**	5.67	32

Interest charges on Delphi's bank debt and senior secured notes in the three months ended March 31, 2020 increased six percent over the comparative period in 2019. The increase in interest expense over the comparative period is due to higher interest charges associated with the Company's senior secured notes as the Company issued $7.3 million of ten percent senior secured notes in the fourth quarter of 2019 and in the first quarter of 2020. The higher interest charges associated with the senior secured notes was partially offset by lower charges on the Company's first lien debt as a result of a lower average balance in the first quarter of 2020 compared to the same period in 2019.

Accretion and finance charges are non-cash and primarily comprised of accretion expense on the Company's decommissioning obligations and the accretion and amortization of the issue costs of the Company's senior secured notes.

The accretion of decommissioning liabilities is an expense that relates to the passing of time until the Company estimates it will retire its assets and restore the asset locations to a condition which meets or exceeds environmental standards. Due to the long term nature of certain assets of the Company, this accretion expense is estimated to extend over a term of one to 50 years. The decrease in accretion expense in the three months ended March 31, 2020 compared to the same period in 2019 is largely due to a lower decommissioning obligation as a result of a change in estimate related to the inflation rate used for the estimated liabilities.

Finance charges include the amortization of transaction costs related to the issue of senior secured notes and the accretion of the debt to its face value. The increase in finance charges in the three months ended March 31, 2020 over the comparative period in 2019 is due to a higher balance of outstanding debt subject to amortization and accretion.

Delphi's foreign exchange gains and losses primarily relate to the conversion of US dollars to Canadian dollars for the settlement of transactions denominated in US dollars, primarily consisting of natural gas sales and pipeline tolls.

DEPLETION AND DEPRECIATION

	Three Months Ended March 31		
	2020	2019	% Change
Depletion and depreciation	**7,747**	10,811	(28)
Impairment	**114,857**	-	-
Depletion, depreciation per boe	**12.95**	13.71	(6)
Impairment per boe	**191.96**	-	-

Depletion and depreciation in the three months ended March 31, 2020 decreased in comparison to the same period in 2019 primarily due a 25 percent decrease in production. The depletion rate decreased six percent in the three months ended March 31, 2020, over the comparative period in 2019 primarily due to the efficiencies realized in our 2020 capital program related to the drilling and completion of three (3.0 net) West Bigstone wells.

Due to the outbreak of the COVID-19 pandemic and the decrease in demand for oil, coupled with the Saudi Arabia - Russia oil price war in the quarter, a significant drop in the forward commodity price curves occurred in the first quarter of 2020. The Company performed an impairment test on its Bigstone CGU, based on the recoverable amount estimated using a value in use calculation derived from expected future cash flows generated from proved and probable reserves using a blended pre-tax discount rate of approximately 15 percent plus an estimate of the fair value of the undeveloped land associated with the Bigstone CGU that is not considered exploration and evaluation. The difference between the carrying amount and the estimated recoverable amount resulted in the recognition of a $114.8 million impairment. In addition, an impairment related to a change in estimates of decommissioning obligations for non-producing properties of $0.1 million was also recognized.

INCOME TAXES

Delphi has concluded that it is not probable that the deferred income tax asset will be realized and as a result, it has not been recognized at March 31, 2020. Therefore, no deferred income tax recovery was recorded against the loss for the three months ended March 31, 2020.

Delphi does not have current income taxes payable and has estimated tax pools available at March 31, 2020 of $442.2 million (December 31, 2019 – $422.8 million).

ADJUSTED FUNDS FLOW

	Three Months Ended March 31		
	2020	2019	% Change
Cash flow from operating activities	**6,830**	9,222	(26)
Decommissioning expenditures	**574**	-	-
Change in non-cash working capital	**(3,585)**	3,129	(215)
Adjusted funds flow[(1)]	**3,819**	12,351	(69)

(1) Refer to non–GAAP measures

Delphi's cash flow from operating activities decreased $2.4 million in the three months ended March 31, 2020, down from the $9.2 million in the three months ended March 31, 2019. Delphi's adjusted funds flow decreased $8.5 million in the three months ended March 31, 2020, down from the $12.4 million in the comparative quarter of 2019. The decrease in adjusted funds flow in the first quarter of 2020 is primarily due to lower revenues as a result of declining commodity benchmark prices in combination with lower production volumes and a loss on marketing activities partially offset by higher realized gains on risk management contracts and reductions in operating, transportation and general and administrative expenses.

	Three Months Ended March 31
Adjusted Funds Flow [1],March 31, 2019	**12,351**
Impact on adjusted funds flow:	
Production volumes	**(4,883)**
Realized prices	**(7,212)**
Risk management activities	**2,778**
Marketing income	**(1,702)**
Netback expenses [2]	**2,363**
Finance charges	**127**
Settlement of unutilized take-or-pay contract	**(3)**
Adjusted Funds Flow [1], March 31, 2020	**3,819**

(1) Refer to non–GAAP measures
(2) Netback expenses include royalties, operating expenses, transportation and general and administrative costs.

CASH NETBACK AND EARNINGS ANALYSIS

	Three Months Ended March 31		
	2020	2019	% Change
Net loss	**(109,970)**	(18,507)	494
Per boe	**(183.80)**	(23.48)	683
Per basic and diluted share	**(5.31)**	(1.50)	254

Delphi recorded a net loss of $110.0 million ($5.31 per basic and diluted share) in the first quarter of 2020, up $91.5 million from the net loss of $18.5 million ($1.50 per basic and diluted share) recorded in the first quarter of 2019. The increase in net loss is primarily due to the current quarter's impairment and lower adjusted funds flow partially offset by higher realized and unrealized gains on risk management contracts.

	Three Months Ended March 31		
Barrels of oil equivalent ($/boe)	**2020**	2019	% Change
Realized sales price	**23.83**	33.43	(29)
Marketing income [1]	**(0.71)**	1.61	(144)
Royalties	**(1.87)**	(1.88)	(1)
Operating expenses	**(10.13)**	(8.96)	13
Transportation	**(3.92)**	(4.03)	(3)
Operating netback before risk management contracts [1]	**7.20**	20.17	(64)
Realized gain on risk management contracts	**8.17**	2.68	205
Operating netback [1]	**15.37**	22.85	(33)
General and administrative expenses	**(2.48)**	(2.09)	19
Finance charges	**(6.23)**	(4.89)	27
Settlement of unutilized take-or-pay contract	**(0.28)**	(0.21)	33
Cash netback [1]	**6.38**	15.66	(59)

(1) Refer to non–GAAP measures

Delphi continues to focus drilling on high margin, liquids-rich natural gas prospects and reducing costs in order to strengthen its operating and cash netback per boe. However, the Company's netback will continue to be impacted by swings in commodity prices and the realized gains or losses on the Company's risk management contracts.

In the three months ended March 31, 2020, Delphi's operating netback before risk management contracts decreased significantly in comparison to the same period in 2019. The decrease in the operating netback before risk management contracts is primarily due to a decrease in commodity benchmark prices and lower production volumes. Although Delphi experienced lower operating expenses, the Company's ability to recover the fixed component of its operations decreases as volumes decline.

LIQUIDITY AND CAPITAL RESOURCES

As an oil and natural gas business, Delphi has a declining asset base and therefore relies on oil and natural gas property development and acquisitions to replace produced reserves. Future oil and natural gas production and growth in reserves are highly dependent on the success of exploiting the Company's existing asset base and/or acquiring additional lands or reserves. To the extent Delphi is successful or unsuccessful in these operations, cash flow could be increased or reduced. In addition, Delphi's cash flow depends on a number of factors, including commodity prices, sales volumes, production expenses, transportation expenses and royalties.

The Company completed a Recapitalization Transaction in November 2019 in order to improve the Company's liquidity and capital structure. As a result of the unprecedented steep decline in crude oil prices, the Company was forecasting to be in breach of its Total Debt to EBITDA ratio and was unable to successfully negotiate relief of this breach from the first lien senior lenders. On April 14, 2020, the Company obtained the Initial Order which, among other things, provides a stay under the CCAA proceedings that prohibits any person, including the holders of the Senior Credit Facilities and Senior Secured Notes, from terminating or making a demand, accelerating or declaring in default or taking any enforcement steps under any contract or other agreement to which the Company is a party. On May 22, 2020, the stay of proceedings was extended by Court order until October 9, 2020. On May 22, 2020, the Company obtained $13.5 million in Interim Financing (see below) that is expected to provide sufficient liquidity to continue ongoing operations during the CCAA proceedings, while Delphi pursues a Strategic Process. Proceeds of advances under the Interim Financing may be used to provide for general corporate and working capital purposes, including funding of the CCAA proceedings and pursuit of the Strategic Process, in accordance with the terms of the Interim Financing. The Interim Financing will provide liquidity to allow Delphi to continue to operate its business while it pursues the Strategic Process in the CCAA proceedings. The Company has no plans for exploration and development capital expenditures during the CCAA proceedings.

In accordance with the policies of the TSX, in connection with the CCAA proceedings, the common shares and other securities of the Company have been delisted from the TSX effective at the close of market trading on May 21, 2020. Delphi's common shares and other securities remain suspended from trading.

Net Debt

	March 31, 2020	December 31, 2019
Long term debt	**44,479**	46,363
Senior secured notes (1)	**109,567**	103,510
Working capital deficit	**10,357**	5,424
Net debt(2)(3)	**164,403**	155,297

(1) $119.6 million principal amount of senior secured notes outstanding as at March 31, 2020
(2) Net debt excludes $5.9 million and $5.3 million as at March 31, 2020 and December 31, 2019, respectively, of outstanding letters of credit
(3) Refer to non-GAAP measures

The Company's net debt as at March 31, 2020 decreased $9.1 million and $31.6 million compared to December 31, 2019 and March 31, 2019, respectively. Long term debt including working capital deficiency of $54.8 million decreased 41 percent from $92.9 million at the end of the comparative quarter in 2019. The significant reduction in long term debt including working capital deficiency is primarily attributed to $11.5 million of net proceeds from the sale of a portion of firm commitment on the Alliance transportation system in the third quarter of 2019 and the net proceeds of $23.7 million from the Recapitaliation Transaction.

Senior Credit Facility

In connection with the Recapitalization Transaction, Delphi accelerated the timing of the credit facility's semi-annual borrowing base review. On November 1, 2019, the credit facility was amended and effective November 29, 2019 the borrowing base of the amended credit facility was reduced from $90.0 million to $80.0 million and was available on a revolving basis until May 28, 2020.

The Company was anticipating a breach of its Total Debt to EBITDA ratio under its credit agreement with the senior secured lenders for the quarter ended March 31, 2020. While in negotiations with the senior secured lenders, the credit facility was amended to revise the date by which the Company must comply with its financial covenants from March 31, 2020 to April 14, 2020. The Company was unable to negotiate a waiver or amendment of the financial covenant with its senior secured lenders. Accordingly, the Company determined it would be in the best interest of all stakeholders to implement a Strategic Process through a court-supervised restructuring proceeding and on April 14, 2020 obtained an order from the Court under CCAA. The stay of proceedings has been extended by the Court to October 9, 2020.

The commencement of the CCAA proceedings is an event of default under the senior credit facility resulting in the automatic termination of the borrowing base and acceleration of the amounts outstanding under the senior credit facility. As a result of non-compliance with the covenant at March 31, 2020, the outstanding bank debt has been classified as a current liability.

Effective April 30, 2020, the senior lenders' exercised their right to terminate the commodity swap contracts held by the Company totaling $17.2 million. The proceeds were used to reduce the bank indebtedness owed to the senior lenders. On May 8, 2020, Luminus Energy purchased an assignment of all of the rights of Delphi's first lien senior secured lenders under Delphi's credit facilities (See "Interim Financing").

The credit facility is secured by a $200.0 million demand floating charge debenture and a general security agreement over all of the assets of the Company.

Interim Financing

In connection with the CCAA proceedings and in order to provide required liquidity during the Strategic Process and the CCAA proceedings, the Company obtained interim financing arrangements provided ATB Financial pursuant to an interim letter of credit facility (the "Interim Letter of Credit Facility") and by Luminus Energy pursuant to an interim loan facility (the "Interim Loan Facility"), together to form the interim financing (the "Interim Financing"). ATB Financial and Luminus Energy have been granted third and fourth ranking super-priority charges, respectively, over the Company's and its subsidiaries' assets and property in connection with such facilities.

The Interim Letter of Credit Facility is not to exceed $6.25 million and bears a fee of 6.75 percent payable quarterly in advance. The Company currently has approximately $5.9 million outstanding on the Interim Letter of Credit Facility.

The Company's Interim Loan Facility is not to exceed $13.5 million and is available until the earlier of i) October 30, 2020; ii) the implementation of a CCAA plan; iii) the expiry of the CCAA stay; and iv) the termination of the CCAA proceedings, together (the "Termination Date"). The Company paid an administrative charge on the Interim Loan Facility in an amount of 3.5 percent of the maximum amount available under the facility. The Interim Loan Facility bears an interest rate of 4.5 percent per annum with all accrued interest being due and payable in cash on the Termination Date. The Interim Loan Facility is not available on a revolving term basis. The Company currently has $10.8 million drawn on the Interim Loan Facility.

Proceeds of advances under the Interim Loan Facility may be used to provide for general corporate and working capital purposes, including funding of the CCAA proceedings and pursuit of the Strategic Process, in accordance with the terms of the Interim Loan Facility.

In addition to customary affirmative covenant obligations, the Interim Loan Facility provides for certain information delivery requirements including a bi-weekly variance analysis of actual receipts and disbursements against the budget most recently approved by the Interim Loan Facility Lenders. Additionally, the Interim Loan Facility requires that there will be no net negative variance in the Company's actual expenditures from that set out in the most recently approved budget, in excess of 25% on a cumulative basis.

The Interim Loan Facility also contains customary negative covenants restricting certain of the Company's activities, including restrictions on the ability to incur indebtedness, incur liens, consummate certain fundamental changes, dispose of assets, and make restricted payments. Furthermore, the Interim Loan Facility contains customary events of default, in addition to the negative budget variance discussed above, as well as certain other CCAA proceeding related events. In the event of default, all amounts due under the Interim Loan Facility become immediately due and payable and the Company must apply to the Court for leave to exercise any and all of the rights and remedies of the lenders of the Interim Loan Facility, including without limitation for the appointment of a receiver or for a bankruptcy order.

Senior Secured Notes

	Senior Secured Notes
Balance as at December 31, 2019	103,510
Issued	5,501
Transaction costs	(87)
Accretion of discount and amortization of issue costs	643
Balance, March 31, 2020	**109,567**

At March 31, 2020 Delphi had outstanding $119.6 million principal amount of ten percent senior secured notes which mature on April 15, 2023. Interest is payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year.

In connection with the Recapitalization Transaction, Delphi issued 7,332 senior secured notes through a private placement. The senior secured notes were issued under the same indenture as the existing Notes and collectively are treated as a single class of debt securities with identical terms.

The senior secured notes are secured on a second-priority basis by substantially all of the Company's assets and are subordinate to indebtedness under the senior credit facility and subsequent to quarter end, the Interim Financing, which was granted a super priority charge on the Company's assets.

Subsequent to March 31, 2020, the Company did not make an interest payment due on April 15, 2020 as required under the senior secured notes indenture which is an event of default. Additionally, with the commencement of the CCAA proceedings on April 14, 2020, the full balance of the senior secured notes is considered due and payable at that date and, as such, will be classified as a current liability subsequent to March 31, 2020. Any efforts to enforce such payment obligations are stayed pursuant to the Initial Order.

The senior secured notes are carried at amortized cost, net of transaction costs and are accreted to their principal balance at maturity using the effective interest rate method.

The senior secured notes have no financial covenants but have an incurrence covenant that limits the Company's ability to (subject to certain exceptions, limitations and qualifications): make certain restricted payments and investments; incur additional debt; create liens; make dividend or other payments; consolidate, merge sell, or otherwise dispose of all or substantially all of its assets; and enter into certain transactions with affiliates.

Share Capital

The common shares of Delphi previously traded on the TSX under the symbol DEE. The following table summarizes outstanding share data for the three months ended March 31, 2020:

	Three Months Ended March 31, 2020
Weighted Average Common Shares	
Basic and diluted	24,491
Trading Statistics (1)	
High	0.18
Low	0.08
Average daily volume	38,025

(1) Trading statistics based on closing price

As at June 23, 2020, the Company had 24.5 million common shares outstanding, 5.6 million stock options outstanding, and 88.2 million warrants outstanding. The stock options have an average exercise price of $1.43 per option and the warrants have an average exercise price of $0.36 per warrant**.** Each stock option and warrant are exercisable for one fifteenth of a post-consolidated common share of the Company.

In accordance with the policies of the TSX, in connection with the CCAA proceedings, the common shares and other securities of the Company have been delisted from the TSX effective at the close of market trading on May 21, 2020. Delphi's common shares and other securities remain suspended from trading.

CONTRACTUAL OBLIGATIONS OUTSTANDING

The Company is committed to future minimum payments for natural gas transmission and processing and leases on compression equipment. The Company also has a lease for office space in Calgary, Alberta.

The commencement of the CCAA proceedings is an event of default under the senior credit facility resulting in the automatic termination of the borrowing base and acceleration of the amounts outstanding under the senior credit facility, therefore, the bank debt outstanding has been classified as a current liability.

Subsequent to March 31, 2020, the Company did not make an interest payment due on April 15, 2020 as required under the senior secured notes indenture which is an event of default. Additionally, with the commencement of the CCAA proceedings on April 14, 2020, the full balance of the senior secured notes is considered due and payable at that date and, as such, will be classified as a current liability subsequent to March 31, 2020. Any efforts to enforce such payment obligations are stayed pursuant to the Initial Order.

The future minimum commitments over the next five years ending on December 31 are as follows:

	2020	2021	2022	2023	2024	Thereafter
Gathering, processing and transmission (1)	9,297	14,849	14,858	14,875	14,898	12,896
Office, equipment and software leases	352	327	298	298	208	-
Accounts payable and accrued liabilities	40,412	-	-	-	-	-
Unutilized take or pay	56	-	-	-	-	-
Risk management	485	-	-	-	-	-
Decommissioning obligations (2)	978	357	118	1,643	310	21,848
Interest payments on senior secured notes	11,966	-	-	-	-	-
Bank Debt	44,500	-	-	-	-	-
Senior secured notes	119,664	-	-	-	-	-
Total	227,710	15,533	15,274	16,816	15,416	34,744

(1) Balances denominated in U.S. dollars have been translated at the March 31, 2020 exchange rate.
(2) Amounts represent the inflated, discounted future abandonment and reclamation expenditures anticipated to be incurred over the life of the Company's properties.

GUARANTEES AND OFF-BALANCE SHEET ARRANGEMENTS

Delphi has not entered into any guarantees or off-balance sheet arrangements.

SELECTED INFORMATION

The following table summarizes the Company's financial and operating results over the past eight quarters:

	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep. 30, 2018	June 30, 2018
Production								
(boe conversion – 6:1 basis)								
Field condensate (bbls/d)	1,683	1,747	2,154	2,762	2,323	2,644	2,196	2,858
Natural gas liquids (bbls/d)	958	1,027	1,299	1,245	1,265	1,289	1,359	1,575
Natural gas (mcf/d)	23,601	25,487	29,600	30,897	31,024	33,063	35,751	37,141
Barrels of oil equivalent (boe/d)	6,575	7,022	8,386	9,157	8,759	9,444	9,514	10,623
Financial								
($ thousands, except per share)								
Crude oil and natural gas sales	14,259	19,147	20,612	27,026	26,353	26,786	31,399	36,394
Net earnings (loss)	(109,970)	(13,082)	10,628	(53,620)	(18,507)	(17,318)	1,252	(5,834)
Per share – basic & diluted	(5.31)	(0.89)	0.90	(4.35)	(1.50)	(1.35)	0.15	(0.45)
Adjusted funds flow(1)	3,819	6,573	21,291	11,963	12,351	8,890	11,600	14,697
Per share – basic & diluted(1)(2)	0.18	0.45	1.65	0.90	1.05	0.75	0.90	1.20

(1) Refer to non-GAAP measures
(2) Comparative period per share amounts have been adjusted to reflect the prior year's 15:1 common share consolidation

Over the past two years, the changes in revenue and funds from operations from quarter to quarter primarily reflect the change in production and the volatility of commodity prices. Production has been impacted by processing plant outages, dispositions, production performance and new wells through successful drilling.

In the first three months of 2020, Delphi drilled three wells in liquids-rich West Bigstone. The first two wells of the 2020 drilling program were the 13-12 and the 14-12 Montney wells. These wells were drilled from a two well pad with a surface location of 14-36 situated between Delphi's two existing producers at 100/16-10-60-24W5 and 100/16-12-60-24W5. The third Montney well of the 2020 drilling program was the 03-30, drilled west of the existing 103/16-31-59-23W5 well. The 14-12 has not been brought on production as Delphi is managing volumes during this low commodity price environment. In comparison, in the first three months of 2019, Delphi drilled the remaining well (0.65 net) of a four-well pad which was brought on-stream in 2019.

Due to the outbreak of the COVID-19 pandemic and the decrease in demand for oil, coupled with the Saudi Arabia - Russia oil price war in the quarter, a significant drop in the forward commodity price curves occurred in the first quarter of 2020. The Company performed an impairment test on its Bigstone CGU, based on the recoverable amount estimated using a value in use calculation derived from expected future cash flows generated from proved and probable reserves using a blended pre-tax discount rate of approximately 15 percent plus an estimate of the fair value of the undeveloped land associated with the Bigstone CGU that is not considered exploration and evaluation. The difference between the carrying amount and the estimated recoverable amount resulted in the recognition of a $114.8 million impairment. In addition, an impairment related to a change in estimates of decommissioning obligations for non-producing properties of $0.1 million was also recognized.

Delphi's commodity risk management program continues to be an integral part of the Company's strategy to protect cash flows through to simple payout of the drilling and completions portion of its capital program.

CRITICAL ACCOUNTING ESTIMATES

The reader is advised that the critical accounting estimates, judgments, policies and practices as described in the Company's Management's Discussion and Analysis for the year ended December 31, 2019 continue to be critical in determining Delphi's financial results.

The condensed consolidated interim financial statements have been prepared in conformity with IAS 34, Interim Financial Reporting, which requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, shareholders' equity, revenue and expenses. Actual results may differ from these estimates.

CORPORATE GOVERNANCE

The shareholders' interests are a critical factor in the operations and management of Delphi. The Company is committed to maintaining the highest level of investor confidence in the Company through the application of its corporate policies and procedures. See Delphi's Annual Information Form for a listing of committees that oversee specific aspects of the Company's operating and financial strategy.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure controls and procedures, as defined in NI 52-109, are designed to ensure that information required to be disclosed by the Company is accumulated and communicated to the Company's management, including its President and Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The President and Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, internal controls over financial reporting, as defined in NI 52-109, to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles applicable to the Company. The Company's internal controls over financial reporting is based on the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework).

The Company is required to disclose any change in the Company's internal control over financial reporting that occurred during the period beginning on January 1, 2020 and ending on Mach 31, 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. No material changes in the Company's internal control over financial reporting were identified during such period that has materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

WITHDRAWAL OF CORPORATE GUIDANCE AND FORWARD-LOOKING INFORMATION

While the CCAA proceedings are ongoing, the Company's operations will be limited by the terms of the Interim Financing and by orders granted by the Court in the CCAA proceedings. The Company's future operations and capital program will be dependent on the outcome of the CCAA proceedings. As a result of the uncertainty associated with CCAA proceedings, many of the assumptions related to the previous guidance published by the Company may no longer be accurate. The Company is withdrawing all previously disclosed forward-looking information including, but not limited to, the guidance disclosed in the March 10, 2020 MD&A.

NON GAAP MEASURES

Management uses certain measures that are not recognized under IFRS to help evaluate the performance of the Company. The following are terms and definitions contained within this MD&A that are not recognized measures under IFRS:

For the purpose of reporting production information, reserves and calculating unit prices and costs, natural gas volumes have been converted to a barrel of oil equivalent ("boe") using six thousand cubic feet equal to one barrel. A boe conversion ratio of 6:1 is based upon an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. This conversion conforms to the Canadian Securities Administrators' National Instrument 51-101 when boes are disclosed. Boes may be misleading, particularly if used in isolation.

Adjusted bank debt to EBITDA ratio – Adjusted bank debt is defined as amounts outstanding under the senior credit facility, including outstanding letters of credit and liabilities associated with the unutilized take-or-pay contract. EBITDA is calculated based on the terms and definitions set out in the senior credit facility agreement which adjusts net income (loss) for financing costs, non-recurring gains and losses, cash payments related to lease obligations, certain specific unrealized and non-cash transactions and acquisition and disposition activity. EBITDA is calculated on an annualized basis based on the last two completed quarters. This ratio is used to calculate the Company's compliance with its adjusted bank debt to EBITDA ratio covenant.

Adjusted debt to EBITDA ratio - The calculation of adjusted debt excludes accounts payable and accrued liabilities, decommissioning obligations, the fair value of financial instruments and lease obligations. The calculation includes outstanding letters of credit, the senior credit facility, liabilities associated with the unutilized take-or-pay contract and senior secured notes. EBITDA is calculated as defined above. This ratio is used to calculate the Company's compliance with its adjusted debt to EBITDA ratio covenant.

Adjusted funds flow - cash flow from operating activities before decommissioning expenditures and changes in non-cash working capital from operating activities. Management uses adjusted funds flow to analyze performance and considers it a key measure as it demonstrates the Company's ability to generate the cash necessary to fund future capital investments, abandonment obligations and to repay debt. Delphi's determination of adjusted funds flow may not be comparable to that reported by other companies nor should it be viewed as an alternative to cash flow from operating activities, net earnings (loss) or other measures of financial performance calculated in accordance with IFRS.

Adjusted funds flow per share – adjusted funds flow divided by the number of common shares outstanding calculated using weighted average shares outstanding consistent with the calculation of earnings (loss) per share.

Adjusted working capital – current assets and current liabilities exclude the current portion of the fair value of the financial instruments and lease obligations. This definition is consistent with the definition used in calculating the Company's compliance with its working capital ratio covenant and is used by the Company in determining its net debt.

Adjusted working capital ratio – current assets include the undrawn portion of the senior credit facility, less outstanding letters of credit, and exclude the current portion of the fair value of financial instruments. Current liabilities exclude the current portion of long term debt, the current portion of the fair value of financial instruments and lease obligations. This ratio is used to calculate the Company's compliance with its working capital ratio covenant.

Cash flow from operating activities per share – cash flow from operating activities divided by the number of common shares outstanding calculated using weighted average shares outstanding consistent with the calculation of earnings (loss) per share.

Marketing income - the margin earned on the sale of purchased third party natural gas volumes and premiums received on the assignment of capacity on the Alliance pipeline system to a third party. Management considers marketing income important measures of the Company's ability to mitigate the cost of excess committed capacity.

Net debt – the sum of bank debt, senior secured notes and the long term portion of unutilized take-or-pay contract and lease obligations plus (minus) the adjusted working capital deficit (surplus). Net debt is used by management to monitor the remaining availability under its credit facilities.

Total cash revenues – the sum of crude oil and natural gas revenues, marketing revenue (excluding Permanent Assignment Transaction) and realized gains on risk management contracts. Management uses this measure to assess the revenues from operations and risk mitigation activities.

Management considers netbacks as an important measure of the cash generating capability of the produced volumes. Netbacks are generally discussed and presented on a per boe basis.

Operating netbacks – crude oil and natural gas sales plus realized gains (losses) on financial instruments and marketing income less royalties, operating and transportation costs. Management considers operating netbacks per boe an important measure of profitability relative to current commodity prices and costs of production.

Cash netbacks - operating netbacks less interest on bank debt and senior secured notes, finance charges associated with lease obligations, foreign exchange, general and administrative costs, and the settlement of the unutilized take-or-pay contract. Management considers cash netbacks per boe an important measure as it demonstrates the cash realized on each unit of production to be reinvested in future capital investment or repay debt.

FORWARD-LOOKING STATEMENTS

Certain information contained herein may contain forward looking statements within the meaning of applicable securities laws. The use of any of the words “position”, “continue”, “opportunity”, “expect”, “plan”, “maintain”, “estimate”, “assume”, “target”, “believe” “forecast”, “intend”, “strategy”, “will”, “elect”, “anticipate”, “enhance” and similar expressions are intended to identify forward-looking statements. More particularly and without limitation, this document contains forward-looking statements concerning Delphi's intent to continue to pay its employees for services rendered during the CCAA proceedings; Delphi's intent to pay its suppliers for goods and services provided to the Company following the commencement of the CCAA proceedings; the Company's intent to explore a Strategic Process; the ability of the Company to complete the Strategic Process or implement a plan of compromise and arrangement; potential obligations of the Company that could be subject to compromise as a result of the CCAA proceedings; and the Company's ability to continue future operations as a going concern. Forward-looking statements necessarily involve risks, including, without limitation, the risks as identified under the headings "Future Operations" and "Liquidity and Capital Resources" herein. Events or circumstances may cause actual results to differ materially from those predicted, as a result of the risk factors set out herein and other known and unknown risks, uncertainties, and other factors, many of which are beyond the control of Delphi. In addition, forward looking statements or information are based on a number of factors and assumptions as set out herein which have been used to develop such statements and information but which may prove to be incorrect and which have been used to develop such statements and information in order to provide shareholders with a more complete perspective on Delphi’s future operations. Such information may prove to be incorrect and readers are cautioned that the information may not be appropriate for other purposes. Although the Company believes that the expectations reflected in such forward looking statements or information are reasonable, undue reliance should not be placed on forward looking statements because the Company can give no assurance that such expectations will prove to be correct. Readers are cautioned that the factors and assumptions identified herein are not exhaustive of all factors and assumptions which have been used. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Additional information on these and other factors that could affect Delphi’s operations and financial results are included in reports, including under the heading “Risk Factors” in the Company’s annual information form for the year ended December 31, 2019, on file with Canadian securities regulatory authorities, which may be accessed through the SEDAR website (www.sedar.com). Furthermore, the forward looking statements contained herein are made as at the date hereof and Delphi does not undertake any obligation to update publicly or to revise any of the included forward looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. The reader is further cautioned that the preparation of financial statements in accordance with GAAP requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. Estimating reserves is also critical to several accounting estimates and requires judgments and decisions based upon available geological, geophysical, engineering and economic data. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

DELPHI ENERGY CORP.

Condensed Consolidated Statements of Financial Position

(thousands of dollars)	**March 31, 2020**	December 31, 2019
(unaudited)		
Assets		
Current assets		
Cash and cash equivalents	**19,457**	526
Accounts receivable	**8,819**	12,673
Prepaid expenses and deposits	**2,754**	1,738
Fair value of financial instruments (Note 4)	**16,094**	6,306
	47,124	21,243
Fair value of financial instruments (Note 4)	**120**	23
Exploration and evaluation (Note 5)	**9,060**	8,963
Property, plant and equipment (Note 6)	**171,892**	272,119
Total assets	**228,196**	302,348
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**40,412**	18,657
Fair value of financial instruments (Note 4)	**485**	-
Lease obligations	**480**	590
Decommissioning obligations (Note 7)	**978**	1,704
Bank debt (Note 8)	**44,479**	-
	86,834	20,951
Bank debt (Note 8)	**-**	46,363
Senior secured notes (Note 9)	**109,567**	103,510
Lease obligations	**718**	715
Decommissioning obligations (Note 7)	**23,949**	23,550
Total liabilities	**221,068**	195,089
Shareholders' equity		
Share capital (Note 10)	**363,683**	353,842
Warrants (Note 10)	**5,627**	5,627
Contributed surplus	**22,199**	22,201
Deficit	**(384,381)**	(274,411)
Total shareholders' equity	**7,128**	107,259
Total liabilities and shareholders' equity	**228,196**	302,348

See accompanying notes to the condensed consolidated interim financial statements.

Subsequent events (Notes 2, 4, 8, 9)

Going Concern, Basis of Presentation and CCAA Proceedings (Note 2)

DELPHI ENERGY CORP.

Condensed Consolidated Statements of Loss and Comprehensive Loss
For the three months ended March 31,

	Three Months Ended March 31	
(thousands of dollars, except per share amounts)	**2020**	2019
(unaudited)		
Revenues		
Crude oil and natural gas sales (Note 11)	**14,259**	26,353
Marketing revenue	**951**	1,937
Royalties	**(1,117)**	(1,481)
	14,093	26,809
Realized gain on financial instruments (Note 4)	**4,889**	2,110
Unrealized gain (loss) on financial instruments (Note 4)	**9,400**	(19,372)
	28,382	9,547
Expenses		
Operating	**6,059**	7,062
Transportation	**2,343**	3,175
Marketing	**1,382**	665
General and administrative	**1,483**	1,647
Share-based compensation	**(4)**	223
Depletion, depreciation and impairment (Note 6)	**122,604**	10,811
	133,867	23,583
Finance costs	**4,485**	4,471
Net loss and comprehensive loss	**(109,970)**	(18,507)
Net loss per share (Note 10)		
Basic and diluted	**(5.31)**	(1.50)

See accompanying notes to the condensed consolidated interim financial statements.

DELPHI ENERGY CORP.

Condensed Consolidated Statements of Changes in Shareholders' Equity
For the three months ended March 31,

(thousands of dollars)	**2020**	2019
(unaudited)		
Share capital		
Common shares		
Balance, beginning of period	**353,842**	347,011
Private placement (Note 10)	**10,000**	-
Share issue costs	**(159)**	-
Balance, end of period	**363,683**	347,011
Warrants		
Balance, beginning and end of period	**5,627**	3,055
Contributed surplus		
Balance, beginning of period	**22,201**	**21,803**
Share-based compensation	**(2)**	**308**
Balance, end of period	**22,199**	**22,111**
Deficit		
Balance, beginning of period	**(274,411)**	**(199,830)**
Net loss	**(109,970)**	**(18,507)**
Balance, end of period	**(384,381)**	**(218,337)**
Total shareholders' equity	**7,128**	**153,840**

See accompanying notes to the condensed consolidated interim financial statements.

DELPHI ENERGY CORP.

Condensed Consolidated Statements of Cash Flows
For the three months ended March 31,

	Three Months Ended March 31	
(thousands of dollars)	**2020**	2019
(unaudited)		
Cash flow from (used in) operating activities		
Net loss	**(109,970)**	(18,507)
Adjustments for:		
Depletion, depreciation and impairment	**122,604**	10,811
Accretion and finance charges	**759**	618
Share-based compensation	**(4)**	223
Unrealized (gain) loss on financial instruments	**(9,400)**	19,372
Settlement of unutilized take-or-pay contract	**(170)**	(166)
Decommissioning expenditures (Note 7)	**(574)**	-
Change in non-cash working capital (Note 12)	**3,585**	(3,129)
	6,830	9,222
Cash flow from (used in) financing activities		
Issue of common shares, net of issue costs (Note 10)	**9,841**	-
Borrowings (repayments) of senior credit facility	**(1,884)**	8,836
Obligations under finance leases	**(153)**	(203)
Issue of senior secured notes, net of issue costs (Note 9)	**5,414**	-
	13,218	8,633
Cash flow available for investing activities	**20,048**	17,855
Cash flow from (used in) investing activities		
Additions to exploration and evaluation assets	**(97)**	(142)
Additions to property, plant and equipment	**(22,191)**	(22,336)
Change in non-cash working capital (Note 12)	**21,171**	1,618
	(1,117)	(20,860)
Increase (decrease) in cash and cash equivalents	**18,931**	(3,005)
Cash and cash equivalents, beginning of period	**526**	3,705
Cash and cash equivalents, end of period	**19,457**	700
Cash interest paid	**2,922**	3,197

See accompanying notes to the condensed consolidated interim financial statements.

1) STRUCTURE OF DELPHI

Delphi Energy Corp. (“Delphi” or the “Company”) is a company engaged in the exploration for, development and production of crude oil and natural gas from properties and assets located in Western Canada in which it holds an interest. The Company’s operations are primarily concentrated in the Deep Basin of North West Alberta. The Company’s core area in the Deep Basin is located at Bigstone, producing approximately 98 percent of the Company’s production. The head office of the Company is located at Suite 2300, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z1.

In accordance with the policies of the Toronto Stock Exchange (the “TSX”), trading in Delphi’s common shares and other securities were suspended on April 14, 2020 and then delisted from the TSX effective at the close of market trading on May 21, 2020 (notes 2 and 13).

The condensed consolidated interim financial statements as at and for the three months ended March 31, 2020 and 2019 comprise the accounts of the Company, its wholly-owned subsidiary and a partnership.

2) BASIS OF PRESENTATION

(a) Statement of compliance and authorization

These condensed consolidated interim financial statements are unaudited and prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” as issued by the International Accounting Standards Board, and do not include all of the information and disclosures normally provided in annual financial statements and should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2019.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on June 23, 2020.

(b) Basis of measurement and functional currency

The condensed consolidated interim financial statements have been prepared using historical costs, except for derivative financial instruments which are measured at fair value. The financial statements are presented in Canadian dollars, the Company’s functional currency, and are rounded to the nearest thousand (unless stated otherwise).

(c) Going Concern and Basis of Presentation

On April 14, 2020, the Company obtained an initial order (the “Initial Order”) from the Court of Queen’s Bench of Alberta (the “Court”) under the Companies’ Creditors Arrangement Act (“CCAA”). Leading up to CCAA, Delphi was facing a breach of its Total Debt to EBITDA ratio at March 31, 2020 under its credit agreement with its senior secured lenders. Further, for the quarter ended March 31, 2020 Delphi recorded a net loss of $110 million, had a working capital deficit of $40 million and is not currently able to discharge its liabilities as they come due. Furthermore, there have been liens placed on the Company’s assets. As a result of the foregoing, a material uncertainty does exist that casts significant doubt on the Company’s ability to continue as a going concern.

Future operations are dependent on the Company being able to restructure its balance sheet in order to obtain the financing necessary to continue operations and to provide the opportunity to generate positive cash flow from operations, maintain existing operations and have the ability to discharge obligations as they become due. Also, future operations are dependent on the Company's ability to comply with the covenants contained in the Interim Financing agreement (see further discussion below in 2(d)), the Company's ability to successfully complete the Strategic Process (see further discussion below in 2(d)), and obtain Court and required stakeholder approval of any transaction or plan of compromise arising therefrom. Currently, the Company has creditor protection continuing until October 9, 2020 to facilitate the completion of the Strategic Process however there is no guarantee that the Company will be successful in completing a Strategic Process within the required time-frame. The Company's financial liquidity condition and the risks and material uncertainties associated with the implementation of the Strategic Process cause significant doubt about the Company's ability to meet its current obligations and to continue as a going concern.

These interim financial statements have been prepared on a basis which assumes that the Company will continue to have the ability to realize its assets and discharge its liabilities and commitments in a planned manner giving consideration to expected possible outcomes. Accordingly, no adjustments have been made to these condensed consolidated interim financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that may be necessary should the Company not continue as a going concern. These adjustments, if any, could be material and will be reflected in the consolidated financial statements of a later period.

(d) CCAA Proceedings

On November 26, 2019, the Company completed a series of transactions (collectively, the "Recapitalization Transaction") in connection with Delphi's priority of improving financial strength and liquidity. For additional information of the Recapitalization Transaction, please see the audited consolidated financial statements for the year ended December 31, 2019.

The unprecedented oil price collapse caused by the Russia-Saudi Arabia oil price war and an over supplied market due to an overwhelming decline in demand caused by the COVID-19 pandemic, the Company was facing a breach of its Total Debt to EBITDA ratio at March 31, 2020 under its credit agreement with senior secured lenders. Delphi was unable to negotiate an agreement with its senior secured lenders that would have provided a waiver or amendment of the financial covenant past April 14, 2020. Accordingly, Delphi determined that in the circumstances, it was in the best interests of the Company and its stakeholders to implement a strategic alternatives process (the "Strategic Process"), which may involve the sale of all or a portion of the business and assets or shares of the Company, or a refinancing, recapitalization or other restructuring through a court supervised proceeding. On April 14, 2020, the Company obtained the Initial Order from the Court under CCAA (the "Court Order"). PricewaterhouseCoopers Inc. was appointed as monitor (the "Monitor") in the CCAA proceedings.

The Court Order in the CCAA proceedings grants the Company the authority to carry on business in a manner consistent with the preservation of its business and property. Among other things, the Company is authorized and empowered to continue corporate and operational activities and to continue to retain employees, consultants, agents, experts, accountants, counsel and such other persons considered necessary by the Company in the ordinary course of business.

The Court Order, as amended and extended on May 22, 2020, provides creditor protection continuing until October 9, 2020, subject to further amendment and extension and grants a stay which generally precludes enforcement or collection action being taken against the Company with respect to pre-CCAA liabilities or contracts. The Court Order is designed to stabilize operations and business relationships with contractors, suppliers and creditors and to provide an opportunity for the Company to negotiate a settlement of liabilities and a restructuring of major contracts. Should such negotiations be successful, a proposed plan of compromise and arrangement to settle liabilities will be presented to the Company's creditors. The plan of compromise and arrangement must be approved by the Company's creditors and the Court prior to it being given effect. Such proposed plan of arrangement has not yet been presented to creditors.

As a result of the non-compliance with the Total Debt to EBITDA ratio at March 31, 2020, the Company has classified its indebtedness outstanding under the Senior Credit Facilities as a current liability (refer to note 8). In accordance with counterparty agreements, the CCAA proceeding also resulted in the risk management contracts being terminated with early settlements effective on or about April 24, 2020 (refer to note 4).

On May 22, 2020, the Company obtained an order from the Court to i) extend the stay period to October 9, 2020, ii) approve interim financing arrangements intended to fund the Company's operations and expenses during the CCAA proceedings, and iii) approve a claims process with a claims bar date of July 10, 2020. To provide the required liquidity during the Strategic Process and the CCAA proceedings, the Company obtained interim financing arrangements provided by ATB Financial pursuant to an interim letter of credit facility (the "Interim Letter of Credit Facility") and by Luminus Energy pursuant to an interim loan facility (the "Interim Loan Facility"), together to form the interim financing (the "Interim Financing"). ATB Financial and Luminus Energy have respectively been granted third and fourth ranking super-priority charges over the Company's and its subsidiaries' assets and property in connection with such facilities.

The Interim Letter of Credit Facility is not to exceed $6.25 million and bears fees of 6.75 percent payable quarterly in advance. The Company currently has approximately $5.9 million outstanding on the Interim Letter of Credit Facility.

The Company's Interim Loan Facility is not to exceed $13.5 million and is available until the earlier of i) October 30, 2020; ii) the implementation of a CCAA plan; iii) the expiry of the CCAA stay; and iv) the termination of the CCAA proceedings, together (the "Termination Date"). The Company paid an administrative charge on the Interim Loan Facility in an amount of 3.5 percent of the maximum amount available under the facility. The Interim Loan Facility bears an interest rate of 4.5 percent per annum with all accrued interest being due and payable in cash on the Termination Date. The Interim Loan Facility is not available on a revolving term basis. The Company currently has $10.8 million drawn on the Interim Loan Facility.

Proceeds of advances under the Interim Loan Facility may be used to provide for general corporate and working capital purposes, including funding of the CCAA proceedings and pursuit of the Strategic Process, in accordance with the terms of the Interim Loan Facility.

In addition to customary affirmative covenant obligations, the Interim Loan Facility provides for certain information delivery requirements including a bi-weekly variance analysis of actual receipts and disbursements against the budget most recently approved by the Interim Loan Facility Lenders. Additionally, the Interim Loan Facility requires that there will be no net negative variance in the Company's actual expenditures from that set out in the most recently approved budget, in excess of 25% on a cumulative basis.

The Company currently intends to work toward developing a plan of compromise and arrangement under the CCAA to be voted on by its creditors. The CCAA proceedings are currently in the early stages of the progress. The extent of compromise, if any, is not determinable and is subject to future events including completion of a Strategic Process. There can be no guarantee that the Company will be successful in completing the Strategic Process or implementing a plan of compromise and arrangement.

(e) Use of estimates and judgments

The preparation of the condensed consolidated interim financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts in the condensed consolidated interim financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be material. Actual results may differ from these estimates. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Since December 31, 2019, the outbreak of the COVID-19 pandemic has had a significant negative impact on economic conditions around the world. The large decrease in demand for oil, coupled with the Saudi Arabia - Russia oil price war in early March, has resulted in significant volatility of commodity prices as well as increased economic uncertainty.

There is continued ongoing uncertainty surrounding COVID-19 and the extent and duration of its impact on commodities demand, our employees, our suppliers and on global financial markets. As a result of the material drop in the forward commodity price curves, the Company recorded an impairment on its Bigstone CGU for the three months ended March 31, 2020 of $114.9 million (note 6). There is an increased potential for further impairments or reversals of impairment over the duration of the pandemic due to increased volatility in commodity prices and decreased global economic activity.

The Company historically has not experienced material collection issues with petroleum and natural gas marketers as a significant portion of these receivables are with creditworthy purchasers. To protect against credit losses from joint asset partners, the Company has the ability to withhold production in the event of non-payment and the ability to obtain the partners' share of capital expenditures in advance of a project. The Company continues to expect that its receivables are substantially collectible at March 31, 2020.

The COVID-19 pandemic is an evolving situation that will continue to have widespread implications for our business environment, operations and financial conditions. Management cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact our consolidated statement of loss and comprehensive loss, statement of financial position, or statement of consolidated cash flows in fiscal 2020. The potential direct and indirect impacts of the economic downturn have been considered in management's estimates and assumptions at period end and have been reflected in our results with any significant change described above. In preparing these condensed consolidated interim financial statements, other than the critical judgments noted above that management has incorporated into the process, Delphi's accounting policies were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2019.

3) DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

(a) Cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities:

The fair value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying value due to their short term to maturity.

(b) Bank debt and senior secured notes:

The fair value disclosure of the Company's senior credit facility approximates its carrying value as it bears interest at floating rates and the applicable margin is indicative of the Company's current credit premium. In the case of the senior secured notes, the fair value is measured at level 1 of the fair value hierarchy for disclosure purposes. The Company's $119.6 million senior secured notes have a fair value of $65.8 million based on March 20, 2020 trading values, the last day the senior secured notes traded in March 2020.

(c) Derivatives:

Delphi's foreign exchange, basis differential and commodity contracts are measured at level 2 of the fair value hierarchy. The fair value of commodity contracts is determined by discounting the remaining contracted petroleum and natural gas volumes by the difference between the contracted price and published forward price curves as at the consolidated financial position date. The fair value of foreign exchange rate swap contracts is determined by discounting the net future cash flows based on the fixed and floating rates associated with the notional amounts.

4) FINANCIAL RISK MANAGEMENT

The Company is exposed to market, credit and liquidity risks from its use of financial instruments. There have not been any changes to the Company's exposure to each of the above risks and the Company's policies and processes for measuring and managing these risks since December 31, 2019.

Contract Type	March 31, 2020	December 31, 2019
Natural gas contracts asset	**1,244**	1,100
Propane contracts asset	**765**	698
Crude oil contracts asset	**14,205**	4,468
Foreign exchange contracts asset (liability)	**(485)**	63
Net risk management contracts asset	**15,729**	6,329

During the first quarter of 2020, Delphi unwound portions of some risk management contracts for proceeds of $1.3 million. Including the monetization of these contracts, Delphi realized gains of $4.9 million for the three months ended March 31, 2020.

For the three months ended March 31, 2020, Delphi recorded an unrealized gain on its risk management contracts of $9.4 million. The unrealized gain recognized for the three months ended March 31, 2020 is the difference between the fair values of the risk management contracts outstanding as at March 31, 2020 and the fair values as at December 31, 2019.

On April 24, 2020, Delphi received notice of the lenders' intention to withhold both the April funds payable relating to the March commodity swaps of $2.1 million and to exercise their right to terminate the commodity swap contracts held by the Corporation for proceeds of $17.2 million. The aggregate proceeds were used to reduce indebtedness owing under the senior credit facilities. After early termination of the commodity swap contracts outstanding at March 31, 2020, the Company had no derivative financial instruments.

5) EXPLORATION AND EVALUATION ASSETS

Balance as at December 31, 2018	9,488
Additions	797
Transfer to oil and gas properties	(1,322)
Balance at December 31, 2019	8,963
Additions	97
Balance as at March 31, 2020	**9,060**

Exploration and evaluation assets consist of the Company's exploration projects which are pending the determination of proven and probable reserves.

During the first three months of 2020, Delphi added $0.1 million of exploration and evaluation expenditures related to developing the Montney formation at Bigstone.

The Company performed an assessment of possible indicators of impairment on exploration and evaluation assets. At March 31, 2020, impairment indicators were identified for exploration and evaluation assets, primarily as a result of the continued decrease in current and forward commodity pricing, as well as the financial condition of the Company and the resulting impact on the capital program. No impairment was recognized on exploration and evaluation assets as the recoverable amount of the assets exceeded their carrying value. The estimated recoverable amount was based on fair value less costs of disposal determined primarily on other comparable market transactions.

6) PROPERTY, PLANT AND EQUIPMENT

Cost	**Crude oil and natural gas properties**	**Production equipment**	**Other assets**	**Total**
Balance as at December 31, 2018	638,293	62,192	1,461	701,946
Additions	26,103	2,419	60	28,582
Decommissioning obligations	(2,712)	(940)	-	(3,652)
Right of Use Assets	-	2,949	662	3,611
Disposals and derecognition	-	(1,760)	-	(1,760)
Transfers from exploration and evaluation assets	1,322	-	-	1,322
Balance at December 31, 2019	**663,006**	**64,860**	**2,183**	**730,049**
Additions	22,076	103	16	22,195
Decommissioning obligations	40	96	-	136
Right of Use Assets	-	46	-	46
Balance as at March 31, 2020	**685,122**	**65,105**	**2,199**	**752,426**

Accumulated depletion and depreciation	**Crude oil and natural gas properties**	**Production equipment**	**Other assets**	**Total**
Balance as at December 31, 2018	(331,965)	(22,925)	(1,021)	(355,911)
Depletion and depreciation	(38,939)	(1,460)	(236)	(40,635)
Impairment loss	(54,363)	(7,374)	-	(61,737)
Disposals	-	353	-	353
Balance as at December 31, 2019	**(425,267)**	**(31,406)**	**(1,257)**	**(457,930)**
Depletion and depreciation	(7,484)	(209)	(54)	(7,747)
Impairment loss	(101,723)	(12,890)	(244)	(114,857)
Balance as at March 31, 2020	**(534,474)**	**(44,505)**	**(1,555)**	**(580,534)**
Net book value as at December 31, 2019	237,739	33,454	926	272,119
Net book value as at March 31, 2020	**150,648**	**20,600**	**644**	**171,892**

Delphi has included $475.5 million (March 31, 2019: $474.0 million) of future development costs and excluded $1.0 million (March 31, 2019: $1.0 million) for estimated salvage to its costs subject to depletion and depreciation.

Impairment

Due to the outbreak of the COVID-19 pandemic and the decrease in demand for oil, coupled with the Saudi Arabia - Russia oil price war in the quarter, a significant drop in the forward commodity price curves occurred in the first quarter of 2020. The Company performed an impairment test on its Bigstone CGU, based on the recoverable amount estimated using a value in use calculation derived from expected future cash flows generated from proved and probable reserves using a blended pre-tax discount rate of approximately 15 percent plus an estimate of the fair value of the undeveloped land associated with the Bigstone CGU that is not considered exploration and evaluation. The difference between the carrying amount and the estimated recoverable amount resulted in the recognition of a $114.8 million impairment. In addition, an impairment related to a change in estimates of decommissioning obligations for non-producing properties of $0.1 million was also recognized.

The following independent reserves evaluators' price estimates were used in the determination of future cash flows for the impairment test as at March 31, 2020:

	Natural Gas		Oil				
Year	AECO/NIT Spot $CDN/MMBtu	NYMEX Henry Hub $US/MMBtu	Edmonton Light $CDN/bbl	NYMEX WTI $US/bbl	Pentanes Plus Edmonton $CDN/bbl	Inflation %	Exchange Rate $US/$CDN
2020 Q2-Q4	1.72	2.05	31.22	30.00	37.47	0.0	0.720
2021	2.02	2.55	47.95	41.00	52.05	0.0	0.730
2022	2.12	2.65	56.46	47.50	61.56	1.0	0.735
2023	2.22	2.75	64.19	52.50	68.92	2.0	0.740
2024	2.31	2.85	71.81	57.50	75.84	2.0	0.745
2025	2.41	2.95	73.27	58.95	77.27	2.0	0.750
2026	2.46	3.01	74.84	60.13	78.84	2.0	0.750
2027	2.52	3.07	76.44	61.33	80.44	2.0	0.750
2028	2.57	3.13	78.08	62.56	82.08	2.0	0.750
2029	2.62	3.19	79.75	63.81	83.75	2.0	0.750
2030+	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	2.0	0.750

The recoverable amount is highly sensitive to the discount rate and forecast future commodity prices. Holding all other variables constant, if the discount rate applied to the Bigstone CGU increased to 16 percent, the impairment would increase by $11.3 million.

7) DECOMMISSIONING OBLIGATIONS

The Company's decommissioning obligations result from working interests in crude oil and natural gas assets including well sites, gathering systems and processing facilities. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon the wells and facilities and the estimated timing of the costs to be incurred in future years. The Company estimates the undiscounted total future liability of $27.1 million (December 31, 2019 - $26.9 million) to be settled over the next 41 years. A risk-free rate of 1.76 percent (December 31, 2019 – 1.76 percent) and an inflation rate of 1.34 percent (December 31, 2019 – 1.34 percent) were used to calculate the estimated fair value of the decommissioning obligations.

	March 31, 2020	December 31, 2019
Balance, beginning of period	**25,254**	28,507
Liabilities incurred	**109**	151
Liabilities settled	**(574)**	(155)
Accretion expense	**111**	555
Change in future estimated cash outlays	**27**	(3,804)
Balance, end of period	**24,927**	25,254
Current portion	**978**	1,704
Long term portion	**23,949**	23,550

8) BANK DEBT

	March 31, 2020	December 31, 2019
Senior Credit Facility [(1)]		
Bankers' acceptances, net of discount	**44,479**	46,363
Balance as at March 31, 2020	**44,479**	46,363

[(1)] As at March 31, 2020, Delphi had outstanding letters of credit of $5.9 million.

In connection with the Recapitalization Transaction, Delphi accelerated the timing of the credit facility's semi-annual borrowing base review. On November 1, 2019, the credit facility was amended and effective November 29, 2019 the borrowing base of the amended credit facility was reduced from $90.0 million to $80.0 million and was available on a revolving basis until May 28, 2020.

The Company was anticipating a breach of its Total Debt to EBITDA ratio under its credit agreement with the senior secured lenders for the quarter ended March 31, 2020. While in negotiations with the senior secured lenders, the credit facility was amended to revise the date by which the Company must comply with its financial covenants from March 31, 2020 to April 14, 2020. As the Company was unable to negotiate a waiver or amendment of the financial covenant with its senior secured lenders, the Company determined it would be in the best interest of all stakeholders to implement a Strategic Process through a court-supervised restructuring proceeding and on April 14, 2020 obtained an order from the Court under CCAA (see Note 2). The stay of proceedings has been extended by the Court to October 9, 2020.

The commencement of the CCAA proceedings is an event of default under the senior credit facility resulting in the automatic termination of the borrowing base and acceleration of the amounts outstanding under the senior credit facility. As a result of non-compliance with the covenant at March 31, 2020, the outstanding bank debt has been classified as a current liability.

On May 8, 2020, Luminus Energy IE Designated Activity Company ("Luminus Energy"), an affiliate of a pooled investment vehicle of Luminus Management, LLC ("Luminus"), purchased an assignment of all of the rights of Delphi's first lien senior secured lenders under Delphi's credit facilities. Luminus is a related party of Delphi which, through one or more of its pooled investment vehicles or affiliates thereof, holds 14,065,138 common shares, representing approximately 57% of Delphi's outstanding common shares, and approximately $58.7 million principal amount of Delphi's senior secured notes, representing approximately 49% of the outstanding senior secured notes.

9) SENIOR SECURED NOTES

	Senior secured notes
Balance as at December 31, 2019	103,510
Issued	5,501
Transaction costs	(87)
Accretion of discount and amortization of issue costs	643
Balance as at March 31, 2020	**109,567**

At March 31, 2020 Delphi had outstanding $119.6 million principal amount of ten percent senior secured notes which mature on April 15, 2023. Interest is payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year.

The senior secured notes are carried at amortized cost, net of transaction costs and are accreted to their principal balance at maturity using the effective interest rate method.

The senior secured notes have no financial covenants but have an incurrence covenant that limits the Company's ability to (subject to certain exceptions, limitations and qualifications): make certain restricted payments and investments; incur additional debt; create liens; make dividend or other payments; consolidate, merge sell, or otherwise dispose of all or substantially all of its assets; and enter into certain transactions with affiliates.

In connection with the Recapitalization Transaction, Delphi issued 7,332 senior secured notes through a private placement. The senior secured notes were issued under the same indenture as the existing Notes and collectively are treated as a single class of debt securities with identical terms.

The senior secured notes are secured on a second-priority basis by substantially all of the Company's assets and are subordinate to indebtedness under the senior credit facility and subsequent to quarter end, the Interim Financing, which was granted a super priority charge on the Company's assets.

Subsequent to March 31, 2020, the Company did not make an interest payment due on April 15, 2020 as required under the senior secured notes indenture which is an event of default. Additionally, with the commencement of the CCAA proceedings on April 14, 2020, the full balance of the senior secured notes is considered due and payable at that date and, as such, will be classified as a current liability subsequent to March 31, 2020. Any efforts to enforce such payment obligations are stayed pursuant to the Initial Order.

As a result of the commencement of CCAA proceedings on April 14, 2020, a return event related to the Recapitalization Transaction has occurred in respect of Delphi's previously issued equity subscription receipts ("ESRs") and note subscription receipts ("NSRs"). In accordance with their terms, all outstanding ESRs and NSRs were cancelled and the escrowed proceeds in respect of the ESRs and NSRs (in the aggregate amount of $15.5 million), together with all interest accrued thereon and escrowed note fee payments previously paid by Delphi in respect of the NSRs, have been returned to their holders.

10) SHARE CAPITAL

Delphi is authorized to issue an unlimited number of common shares. All shares are issued as fully paid and non-assessable and have no par value. The holders of common shares are entitled to receive dividends as declared by the Company and are also entitled to one vote per share.

(a) Issued and outstanding

	March 31, 2020		December 31, 2019	
	Outstanding shares (000's)	**Amount**	Outstanding shares (000's)	Amount
Balance, beginning of year	18,429	353,842	185,547	347,011
Consolidation (15:1)	-	-	(173,178)	-
Private placement	6,060	10,000	6,060	10,000
Share issue costs	-	(159)	-	(3,169)
Balance, end of year	24,489	363,683	18,429	353,842

In connection with the Recapitalization Transaction, the Company issued 6.1 million common shares at a price of $1.65 per common share. Delphi has allocated $0.2 million of the Recapitalization Transaction costs to the issue of common shares.

(b) Warrants and Options

As at March 31, 2020, 88.2 million warrants were outstanding. Each warrant entitles the holder to purchase one common share of the Company at any time until April 15, 2023 for one fifteenth of a post-consolidation Common Share at an aggregate exercise price of $2.23 per whole post consolidation share. As at March 31, 2020, 5.6 million stock options were outstanding with a weighted exercise price of $1.09 per option. Each stock option entitles the holder to purchase one fifteenth of a post-consolidation Common Share.

(c) Net loss per share

Net loss per share has been calculated based on the following weighted average common shares:

	Three Months Ended March 31	
	2020	2019
Weighted average common shares – basic and diluted	**20,695**	12,370
Net loss per basic and diluted share	**(5.31)**	(1.50)

For the three months ended March 31, 2020, a total of 5.6 million stock options (March 31, 2019: 9.7 million) and 88.2 million warrants (March 31, 2019: 14.7 million) were excluded from the calculation as they were anti-dilutive.

11) REVENUE

Crude oil and natural gas sales are comprised of the following:

	Three Months Ended March 31	
	2020	2019
Natural gas	**5,091**	10,052
Field condensate	**7,780**	12,143
Natural gas liquids	**1,396**	4,077
Sulphur	**(8)**	81
Total crude oil and natural gas sales	**14,259**	26,353

12) SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital are comprised of the following:

	Three Months Ended March 31	
	2020	2019
Source (use) of cash		
Accounts receivable	**3,854**	7,666
Prepaid expenses and deposits	**(1,016)**	(1,164)
Accounts payable and accrued liabilities	**21,918**	(8,013)
Total change in non-cash working capital	**24,756**	(1,511)
Relating to:		
Operating activities	**3,585**	(3,129)
Investing activities	**21,171**	1,618
	24,756	(1,511)

DIRECTORS

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President and Chief Executive Officer
Delphi Energy Corp.

Eric Gallie (2)
Senior Analyst (E&P)
Luminus Management

Timothy Schneider (1)(2)
Head of E&P
Luminus Management

Shawn Singh (2)
General Counsel and Chief Compliance Officer
Luminus Management

(1) Chair of the Board
(2) Member of the Audit Committee

AUDITORS

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INDEPENDENT ENGINEERS

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TRANSFER AGENT

Computershare Trust Company of Canada

ABBREVIATIONS

bbls ……………………………………barrels
bbls/d ……………………………………barrels per day
mbbls ……………………………………thousand barrels
mcf ……………………………………thousand cubic feet
mcf/d ……………………………………thousand cubic feet per day
mmcf ……………………………………million cubic feet
mmcf/d ……………………………………million cubic feet per day
NGL ……………………………………natural gas liquids
bcf ……………………………………billion cubic feet
boe ……………………………………barrels of oil equivalent (6 mcf:1 bbl)
boe/d ……………………………………barrels of oil equivalent per day
mmboe ……………………………………million barrels of oil equivalent