OPEN THE BOOK
see who we are...

PAGE 2
see how we operate...

PAGE 4
see how we will succeed.

this is delphi energy.
ANNUAL REPORT 2003

corporate profile

Delphi Energy Corp. became a publicly listed company in June 2003 (TSX Venture; symbol DEE) through amalgamation of DT Energy Ltd. and Rise Energy Ltd. The Company is in the application process to move to the TSX and anticipates receiving its TSX listing late in the second quarter of 2004. A combination of corporate and property acquisitions in late 2003, combined with successful drilling during the year, generated a record of production, reserves, cash flow, and earnings growth as well as a solid base of opportunity for the future.

Delphi is based in Calgary with operations in Northwest and East Central Alberta. The Company will continue its balanced program of exploration and development plus acquisitions to grow a natural gas-weighted reserves and production base. Investment opportunities and risk profiles will be prudently managed to maintain a solid financial position while realizing annual growth measured in per share terms.

2003 highlights

Year Ended December 31	2003	2002
Financial highlights ($000s except per boe and per share amounts)		
Gross petroleum and natural gas sales	**$ 13,705**	$ 1,908
Per boe	**35.34**	29.00
Cash flow from operations	**6,666**	770
Per boe	**17.19**	11.71
Per share – basic	**0.31**	0.07
– diluted	**0.30**	0.07
Earnings (loss)	**1,277**	(3,250)
Per boe	**3.30**	(49.40)
Per share – basic and diluted	**0.06**	(0.31)
Capital costs	**27,580**	15,911
Debt, net	**10,688**	–
Total assets	**48,521**	21,584
Share information (thousands)		
Shares outstanding		
Basic	**25,218**	18,232
Diluted	**27,216**	18,232
Operating highlights		
Average daily production		
Natural gas (mcf/d)	**5,082**	814
Percentage of total production	**80%**	75%
Oil and NGLs (bbl/d)	**216**	44
Percentage of total production	**20%**	25%
Total (boe/d)	**1,063**	180
Average selling prices (Cdn$)		
Natural gas ($/mcf)	**6.24**	4.52
Oil and NGLs ($bbl/d)	**27.10**	34.73
Total oil equivalent ($boe/d)	**35.34**	29.00
Wells drilled (net)	**6.9**	2.4
Undeveloped land		
Gross acres	**291,032**	252,343
Net acres	**48,714**	41,876
Average working interest (%)	**16.7**	16.6
Proved plus probable reserves (P+P) (Company interest)		
Natural gas (mmcf)	**17,055.0**	10,239.0
Oil and NGLs (mbbls)	**1,637.5**	166.8
Total oil equivalent (mboe)	**4,480.0**	1,873.3
Finding and development costs (P+P) ($/boe)(1)	**8.86**	8.49
Reserve life index (P+P) (years)(2)	**7.4**	7.2

(1) Established (proved plus one half probable) reserves and values for December 31, 2002, were used as a comparison to December 31, 2003, proved plus probable reserves.

(2) Reserve life index is calculated on annualized December production.

management

OBJECTIVES	STRATEGIES	THE DELPHI ADVANTAGE	VALUE TO DELPHI SHAREHOLDER
Major disciplines/expertise represented. Extensive experience managing and building small public companies. Manage as owners; align interests of management with public shareholders.	Disciplines required at management level include exploration and engineering as well as deal generation, implementation and assimilation, plus finance. Complement of management to oversee operations as well as generate deals in order to maximize cost effective growth. All management to have meaningful ownership stake. Maintain stringent internal controls and corporate governance.	The most effective growth model for junior oil and gas companies is an appropriately risked growth strategy combining a focused drilling program, efficient field operations and complementary acquisitions. Delphi has, within its small team, proven track records in each of these key approaches to growth. Management holds 13 percent ownership in Delphi Energy; this level assures significant commitment while not hampering liquidity.	Decision making is focused on shareholder value creation from a seasoned management team supported by an effective Board of Directors.

expertise

OBJECTIVES	STRATEGIES	THE DELPHI ADVANTAGE	VALUE TO DELPHI SHAREHOLDER
Maintain all key oil and gas disciplines in-house. Maintain expertise in core, geographic areas of operation.	Delphi will maintain staffing levels congruent with size of Company and scope of operations yet ensuring ability to effectively manage rapid growth.	With expertise in all technical and finance disciplines, Delphi is positioned to not only manage its growth, but identifiy and close acquisition opportunities to supplement growth through the drillbit. Delphi's management group, in past experiences and for Delphi during 2003, has proven its ability to create value through exploration, development and acquisition.	Delphi delivered growth and added value in 2003 through a balanced combination of drilling success, competence in the field and deal-making, in terms of acquisitions and joint venture relationships.

assets

OBJECTIVES	STRATEGIES	THE DELPHI ADVANTAGE	VALUE TO DELPHI SHAREHOLDER
A high quality asset portfolio will be compiled that mitigates the risk of dependence on any one commodity price, is Delphi-controlled through high working interests and is focused in areas to be more easily managed and to align with in-house technical experience.	Develop prospects and pursue acquisitions that result in exposure to both oil and gas commodities. High working interest and operatorship will be pursued where we have in-house expertise and interests will be increased as Company grows. Exploration will be pursued as a component of the growth strategy to provide opportunity for higher return reserve discoveries.	Delphi is weighted to natural gas (65/35) which is proving more economic because of abundance of reserves and price strength. Fifty percent of production is Delphi-operated and that will increase as the Company grows. Continued success with acquisition strategy will add value and recycle of non-core assets. Maintaining a large inventory of exploration prospects and its annual exploration activity at 20 percent of total capital spending provides appropriately risked exposure to significant upside.	Delphi's pattern of growth has been steady, quarter over quarter, by exploring, developing and acquiring in two areas of operation. Growth in production has delivered to bottom line capitalizing on strong commodity prices. Asset value increases are reflected in reserve growth and recycle ratios which, ultimately, are the most meaningful measure of posting solid per share performance.

the year in review

With a public company listing in June 2003 that coincided with a corporate acquisition, Delphi launched an active second half of 2003.

March 21, 2003

DT Energy Ltd. announces a reverse take-over of Rise Energy Ltd. and name change to Delphi Energy Corp.

June 24, 2003

Delphi Energy commences trading on the TSX Venture Exchange under the symbol "DEE."

September 22, 2003

Delphi Energy acquires Murias Energy Corporation for $2,031,500. The purchase price consisted of $1,300,000 in cash, the issuance of 358,000 common shares of Delphi at an ascribed price of $1.75 per common share and the assumption of the working capital deficiency of Murias. The assets of Murias are located in Delphi's core area of East Central Alberta.

November 3, 2003

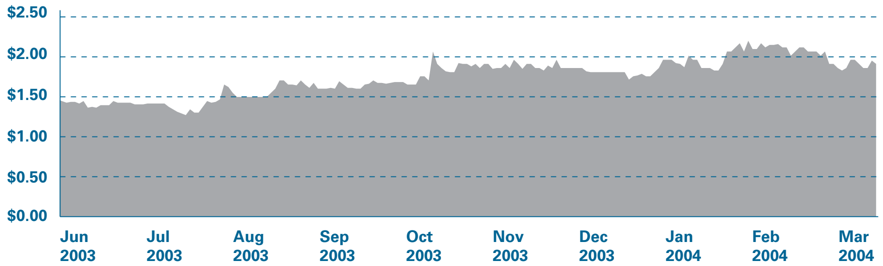
Delphi Energy announces a definitive share purchase agreement to acquire all of the issued and outstanding shares of Fish Creek Resources Inc. for $2,750,000. The purchase price consists of $1,750,000 in cash minus the working capital deficiency, estimated to be $295,000, and the issuance of 540,540 common shares of Delphi at an ascribed price of $1.85 per share. An independent engineering evaluation assigned reserves of 254,000 boe on an established basis and production from the properties is approximately 160 boe/d. Fish Creek owns the majority working interest in all its wells and is the operator. The assets of Fish Creek are located in Delphi's core area of East Central Alberta.

December 18, 2003

Delphi Energy closes a flow-through common share financing agreement, on a bought deal basis. Delphi issued 1,136,364 flow-through common shares at a price of $2.20, for total gross proceeds of approximately $2,500,000.

An acquisition that took Delphi public and a series of corporate and property acquisitions later in the year, positioned the Company with a solid 2003 performance.

Trading History



Publicly listed since June 2003 to April 2004, Delphi has traded a volume of 2.3 million shares since its listing and the shares have traded between $1.23 to $2.15 per share.

president's letter

We are pleased to report on an active and successful year in 2003, when Delphi Energy Corp. was formed. DT Energy Ltd. began as a private company until the acquisition of Rise Energy in June 2003, when the Company became publicly traded on the Toronto Venture Exchange and was renamed Delphi Energy Corp. An active second half of the year, including a series of acquisitions, positions Delphi for an excellent 2004 with a platform of exploration and development opportunities plus the financial strength and technical expertise to capture them.

We not only posted excellent results in 2003, we also positioned Delphi with high quality, future prospects.

An Active 2003

The strategy for 2003 was to focus on acquisitions – both corporate and property – in order to build a base of undeveloped land and to compile higher working interests in existing core areas. We pursued acquisition targets that were identified internally and were therefore able to avoid the public auction bidding process that can lead to higher acquisition costs. Building from the successful $9.0 million acquisition of the Fontas natural gas property in late 2002, the acquisitions of Rise Energy Ltd, Fish Creek Resources Inc., Murias Energy Corp. and other property interests for combined consideration of $16.7 million added crude oil-weighted properties with 1.7 million barrels of oil equivalent (boe) proven plus probable reserves for $10.36 per boe.

These strategic acquisitions completed on attractive metrics were an important component leading to a successful 2003 and to Delphi's platform for future growth. In addition to this acquisition growth strategy, Delphi was actively drilling, investing $5.9 million on drilling and completions of a total $11 million exploration and development spending program. Where acquired assets were weighted to crude oil reserves, the drilling program focused in core areas where natural gas reserves are prevalent. In the northwest Alberta focus area of Fontas, Delphi participated in five (1.0 net) natural gas wells and added a total of 4.4 billion cubic feet of proven reserves through drilling success. At year-end, Delphi had 12.5 billion cubic feet of proven natural gas reserves, nearly doubling the total from year-end 2002. Total year-end proven reserves were 3.2 million boe and proven plus probable were 4.5 million boe. This reserves base corresponds with a net asset value per share of $1.61 and a present value of future cash flows discounted at 10 percent of $49.2 million.

The total $27.6 million in capital program was funded from cash flow of $6.7 million, debt and share issues, allowing Delphi to achieve the 2003 performance and, more important, adding new growth opportunities while retaining a solid financial position. Delphi has a $16 million operating line of credit, of which $9.0 million had been utilized at December 31, 2003.

Equity financing during 2003 included a January 2003 private placement of 3.6 million special warrants (converting to 1.8 million common shares at $0.98 per share) which raised $1.7 million. Later in the year, a bought deal private financing raised $2.3 million (net of costs) through the issue of 1.1 million shares for $2.20 per share.

Solid Growth in 2003

Posting positive earnings at $0.06 per share in our first year as a public company is the beginning of a trend that will emphasize growth as well as profitability.

Much of the impact of 2003 acquisitions will be realized in 2004 and beyond. Even with the acquisitions occurring late in the year, Delphi posted solid results for 2003 through its successful exploration and development activities. Cash flow rose 766 percent to $6.7 million or $0.31 per basic common share. Earnings of $1.3 million, $0.06 per basic common share, were realized. These financial results were generated by production growth to 1,063 boe/d, up 491 percent from the 2002 average. With the effect of acquisitions and wells brought on-stream later in the year, production averaged 1,461 boe/d during the fourth quarter 2003.

The reserves additions during the year reflected a 157 percent increase in proved reserves and replaced 2002 production by a factor of 6.2 times. Delphi pays close attention to its recycle ratio as an important indicator of efficient capital investment. For 2003, Delphi's recycle ratio was 1.6 times on a proved reserves basis and 2.3 times on proved plus probable. It should also be noted that the new reserves evaluation definitions result in a more conservative estimate of proved plus probable volumes being similar to the previously used proved plus half probable, or established, reserves.

A key aspect of positioning Delphi for the future was to build on the core team of expertise. During 2003, Brenda Mawhinney, CMA, B.Comm., joined Delphi as the Vice President, Finance and CFO bringing with her 21 years of experience in oil and gas finance. Tim Malo also joined the Delphi team as Vice President, Land and Corporate Secretary, bringing over 23 years of oil and gas land and legal experience. Delphi's team of 14 employees and contract staff provides the expertise platform that can take the Company through its next stage of growth.

We have all of the ingredients we need to post profitable growth. A well rounded and experienced management team and a base of quality assets will create significant growth opportunities.

Future Plans and 2004 Outlook

In 2004, Delphi expects to invest a $15 million capital program and will emphasize drilling, targeting natural gas reserves in two core areas.

Delphi's growth strategy will continue to focus on drilling for natural gas in core areas, building on assets and working interest consolidation through acquisitions, as well as continuing a joint venture drilling program with an industry major. For 2004, Delphi has a capital program defined that will utilize $15 million funded primarily by internally generated cash flow. This size of program will result in year-end 2004 debt to cash flow of 1:1. The program will focus on development drilling and exploitation activities and include a component of exploration drilling. We anticipate an average of 2,200 boe/d of production for 2004, ending the year at 2,600 boe/d, or 1,000 boe/d more than we are at in the first quarter. The production base will continue to be weighted towards natural gas.

Our estimated 2004 cash flow of $12.5 million is based on $6.00 per GJ natural gas prices and West Texas Intermediate reference crude oil prices of US$29.00 per bbl. During the first quarter of 2004, these prices have been exceeded and our production growth plans are on track.

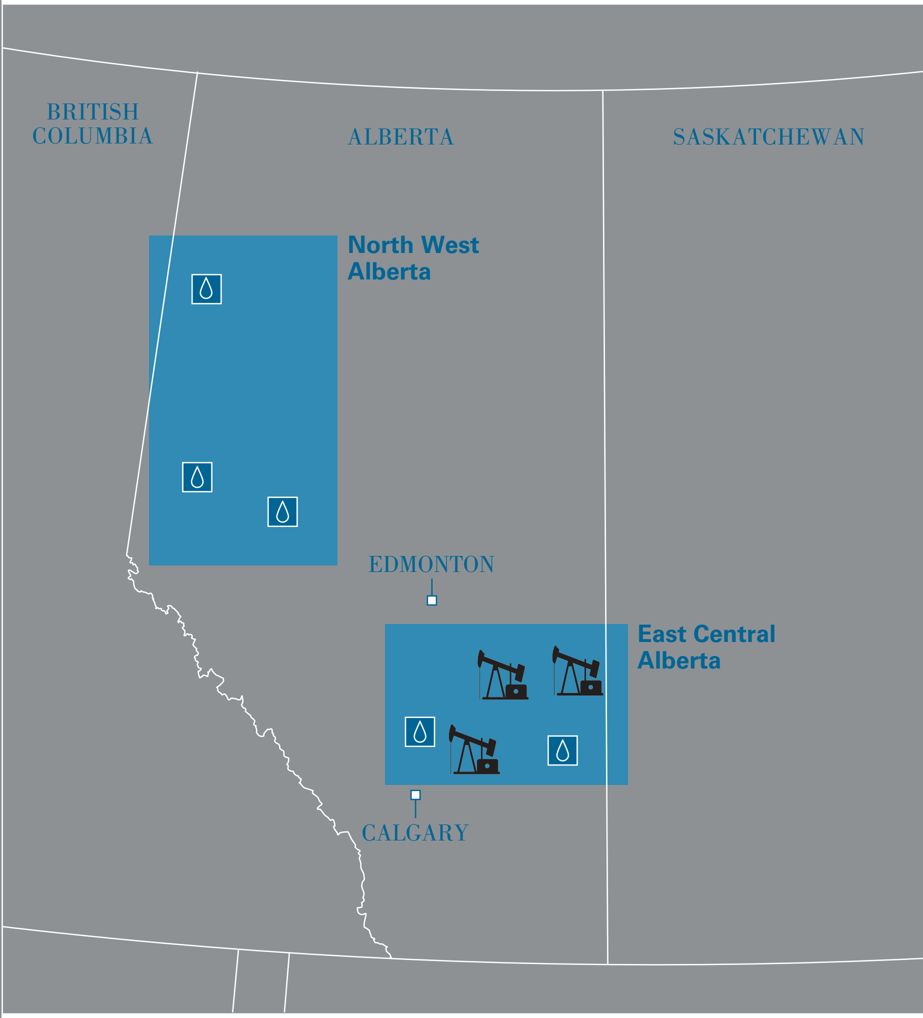
The Company is in the application process to move to the TSX and anticipates receiving its TSX listing late in the second quarter 2004.

With a corporate combination to become a publicly listed company, a series of corporate and property acquisitions and an active drilling program, Delphi Energy had an extremely active year in 2003. Our employees stepped up to the challenges and achieved remarkable results. Not only does that effort show in 2003 results, but the stage is set to capitalize on numerous, quality opportunities in 2004 and beyond. I would like to thank our employees for their contribution. In addition, the support of our shareholders and the counsel of the Board are both greatly appreciated.

On behalf of the Board,

David J. Reid
President and Chief Executive Officer
April 15, 2004

review of operations



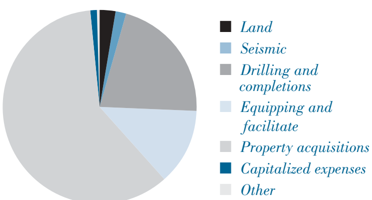
Delphi is focused in Alberta in areas were there is good access through most of the year and available infrastructure in place.

Major assets	4th Quarter 2003 average production (boe/d)	2003 average production (boe/d)	Capital spent ($000)
North West Alberta	841	814	9,655
East Central Alberta	620	249	17,925
Total	1,461	1,063	27,580

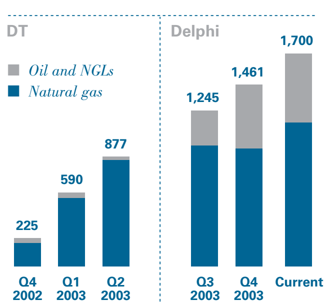
Drilling activity (gross/net)	Wells drilled	Exploratory wells	Development wells
North West Alberta	8/1.3	4/0.4	4/0.9
East Central Alberta	8/5.6	4/3.9	4/1.7
Total	16/6.9	8/4.3	8/2.6
Success rate (%)	75/93	71/96	78/88

Production growth was accelerated by acquiring properties in core areas and drilling for new production and reserves.

Capital Invested



Production Growth Profile



Growth has been steady while product balance has increased with the addition of crude oil producing properties.

As a small company, focusing operations in defined core geographic areas is key to efficient growth.

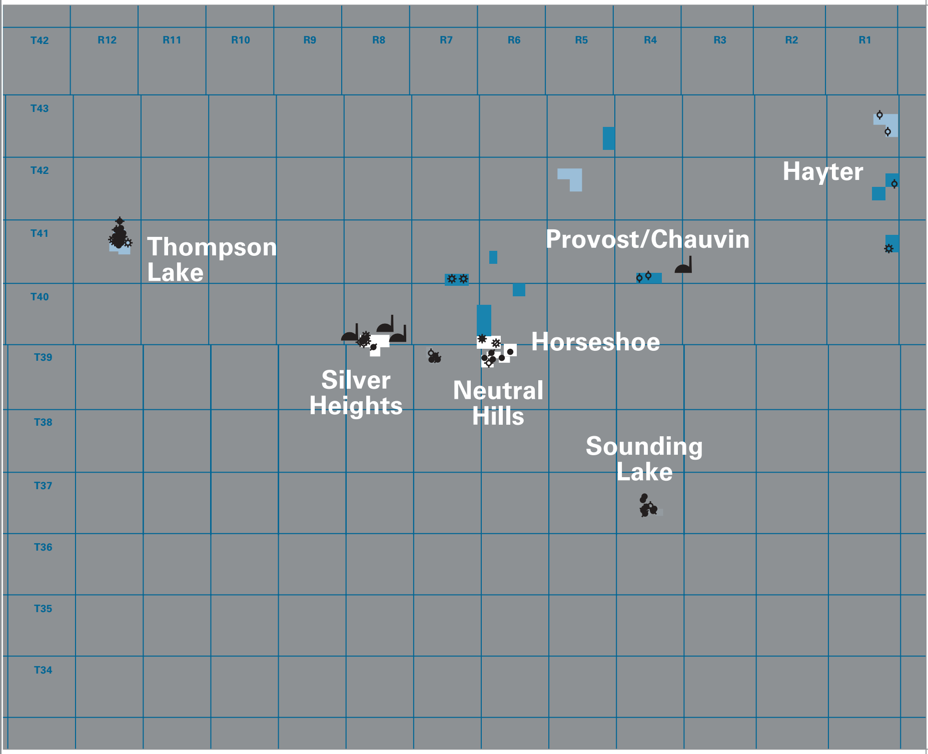
Delphi Energy Corp started operations June 19, 2003, through the acquisition of Rise Energy Ltd. by DT Energy Ltd. The foundation created by this acquisition was two core areas in North West Alberta and East Central Alberta. These two core areas position the Company to pursue quarter over quarter growth with a substantial drilling prospect inventory, accessible year round. As well, Delphi's prospects support a defined strategy of balancing low risk development opportunities with high risk/high reward exploration opportunities. In the last half of 2003 the Company continued to expand its asset base in East Central Alberta, closing two corporate acquisitions and a number of other property acquisitions. In addition to its significant undeveloped land base, Delphi has access to an additional 64,000 gross acres of undeveloped land in North West Alberta through a joint venture with a senior Canadian oil and gas producer.

A mix of development opportunities, defined drilling locations and a base of undeveloped land will generate production and reserves growth in 2004 and beyond.

During 2003 Delphi's production averaged 1,063 boe/d, consisting of 5,082 mcf/d of natural gas and 216 bbls/d of crude oil and natural gas liquids. During the fourth quarter of 2003 Delphi's production averaged 1,461 boe/d, consisting of 5,650 mcf/d of natural gas and 520 bbls/d of crude oil and natural gas liquids. Delphi's corporate production decline in 2003 was approximately 18 percent. Delphi's production is balanced between the two core areas and weighted approximately 65 percent to natural gas at year-end 2003. Exposure to both oil and natural gas commodities in our two core areas, strategically mitigates individual project technical and timing risks, as well as commodity pricing volatility risks.

The Company's capital program of $27.6 million included the drilling of 6.9 new wells with a 93 percent success rate. In maintaining the Company's strategy of balancing risk and reward, exploratory drilling represented 14 percent of the Company's activity, while development projects represented 26 percent. The remainder of 2003 capital spending was directed towards the Company's acquisition program, which amounted to 60 percent of the total budget. In 2003 the Company increased total reserves by 139 percent, adding 2,979 mboe of proved plus probable reserves.

east central alberta



Legend

- *Fish Creek acquisition*
- *Murias acquisition*
- *Pre-existing properties*

East Central Alberta

Delphi's East Central Alberta region consists of six producing properties: Crossfield, Thompson Lake, Hayter, Kessler, John Lake and Sounding Lake. Production in this region consists of both medium and heavy oil, natural gas, and natural gas liquids, and is weighted towards crude oil, which represents 75 percent of the commodity mix. The Company holds high working interests and operatorship in this region. In 2003, Delphi began assembling a land position in East Central Alberta with the acquisition of three companies with contiguous land blocks in the area, as well as numerous Crown sales. Fourth quarter 2003 production from this region was approximately 620 boe/d or 42 percent of corporate production. Delphi's 2003 production from this region was 249 boe/d or 23 percent of the Company's total production due to timing of the various acquisitions. Delphi directed 37 percent of its pre-acquisition capital program to this area, which included the drilling of eight wells.

East Central Alberta will be a major contributor to 2004 production with acquired lands and production added late in 2003.

Diagrammatic Cross-section

Delphi will increase its working interests and operatorship as it grows, which will allow for efficiency as well as more control of capital spending and timing of development.

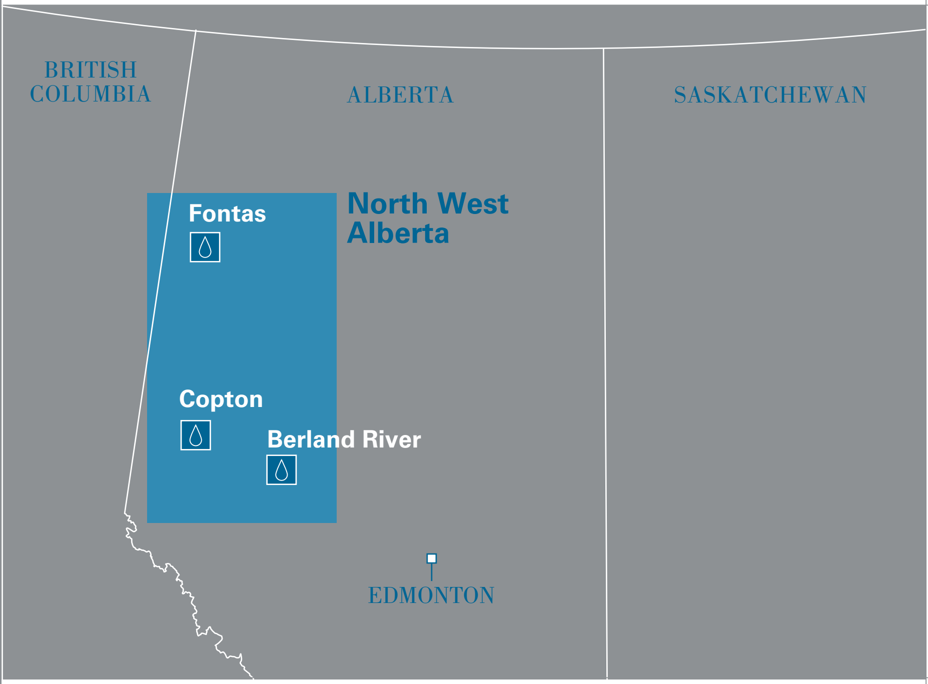
This area is characterized by shallow (less than 1,000m) target drill depths, multizone objectives and well established oil and gas infrastructure. Producing zones are predominantly Cretaceous aged sandstones which include the Viking, Colony, Glauconite, Ostracod and Ellerslie formations. Surface access is year-round with the exception of spring break-up. This provides the Company with the ability to generate growth on a quarter over quarter basis. In this region, Delphi is continually targeting the acquisition of producing oil assets which can be further optimized by performing operations such as high volume lift, infill drilling, facility consolidation, completion of additional reservoirs, up-hole sweet gas recompletions and improving operating efficiencies. Secondary recovery projects such as water flooding are also being evaluated.

A feature of Delphi's properties in East Central Alberta is the extensive base of low-risk development opportunities that will grow production and reserves.

The Company has been successful in acquiring properties in East Central Alberta through direct negotiations with parties, thereby avoiding the public market process. Acquisition metrics have proven to be very favorable in this region. During 2003 Delphi's cost of acquiring proven plus probable reserves was $11.00 per boe in East Central Alberta. The Company paid $16,500 for each barrel of production equating to 2.5 times operating cash flow. Delphi is also targeting Crown land acquisitions where bypassed gas and oil pay zones have been identified on existing well control. Three dimensional seismic data is employed to define development or step-out drilling opportunities in East Central Alberta.

A focused technical evaluation of the area has identified uphole bypassed natural gas targets, as well as infill development oil drilling. In 2004, Delphi plans to spend $9.0 million on low risk development activity in East Central Alberta net of any new acquisitions. This capital program includes the tie-in of four existing gas wells drilled in 2003, the drilling of eight to 12 wells, numerous workovers, three facility upgrades and approximately 10 well reactivations. Upon success, the potential exists for significant incremental activity on any particular property.

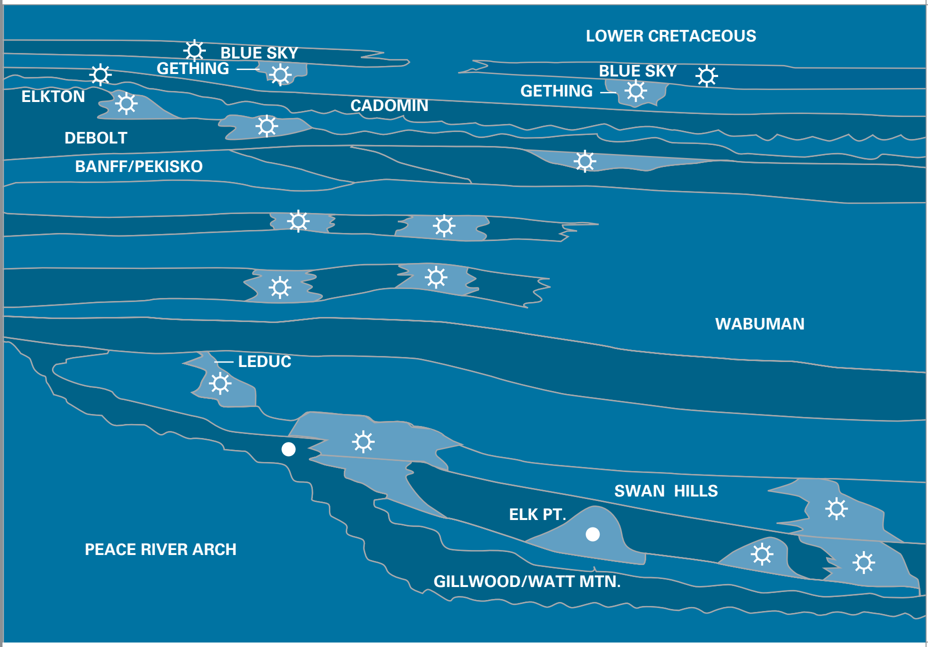
north west alberta



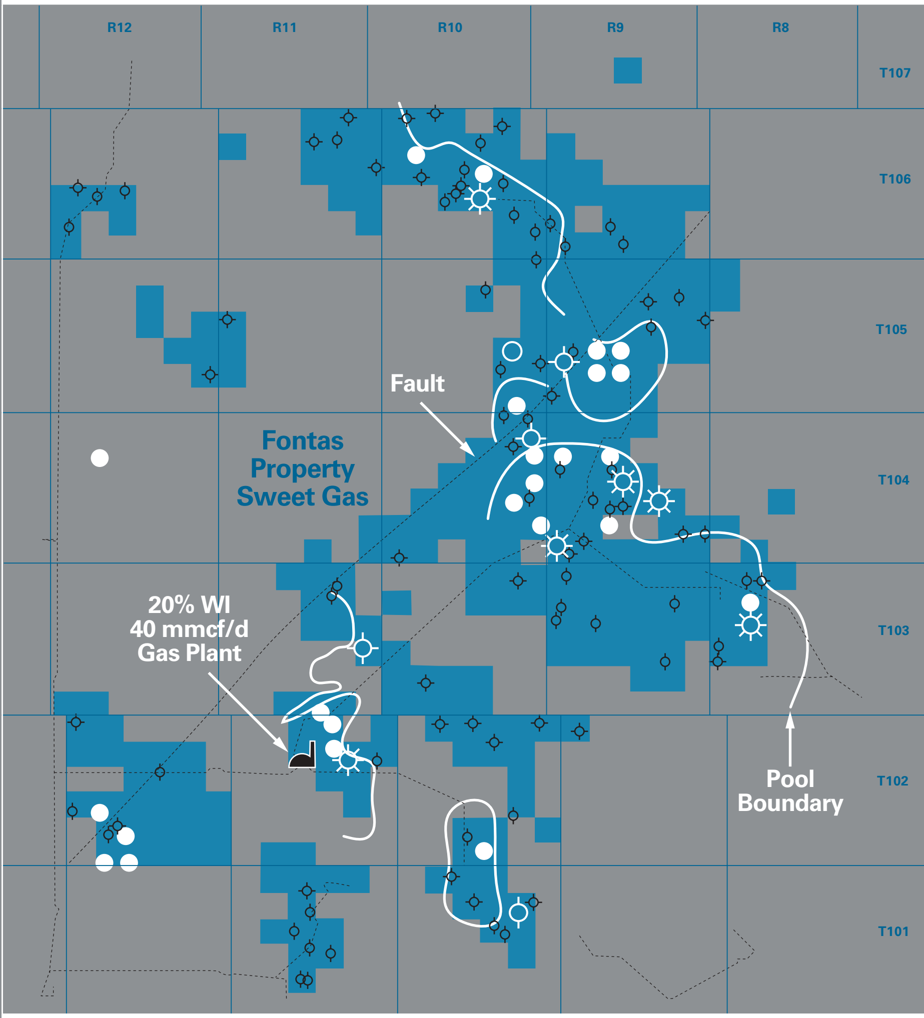
Prudent management of exposure to the higher risk/higher reward opportunities that exist in the Northwest Alberta region are a key component of Delphi's growth strategy.

Delphi's Northern region consists of three core properties: Fontas, Copton and Berland River. Production in these areas consists of natural gas, from shallow development plays at Fontas to deep, high impact, Devonian targets at Berland River. The Company holds 10 percent to 25 percent working interests in this region. Delphi has managed its capital exposure in the pursuit of these high impact prospects by taking smaller working interests in a non-operated role. The Company's strategy is to increase its level of participation as it grows and eventually become an operator in this region. In 2003, Delphi operated its first well in the Berland River area. Fourth quarter 2003 production from this region was approximately 841 boe/d (58 percent natural gas) or 58 percent of corporate production. In 2003, 63 percent of the pre- acquisition capital program was directed to this region, drilling eight wells, including two exploration wells.

Delphi and its management team maintains excellent relationships with major oil and gas companies which operate in this area. The Company employs a synergistic approach to its joint venture agreements established in this region. As a result of this, the Company is able to reduce the capital and time required to define and capture opportunities by making use of existing three dimensional seismic surveys and land positions held by major companies. These relationships also help ensure access to critical gas gathering and processing infrastructure.



Diagrammatic Cross-section



Legend

- *Future drilling locations*
- *Gas well*
- *Abandoned*
- *Standing cased*
- *Drilling*

Fontas

Fontas is located approximately 240 kilometers north of Grande Prairie, Alberta. The property is accessible by land only during the winter months and may be accessed by air during the remainder of the year. Delphi has an average working interest of 20 percent in the area.

Delphi acquired its interest in the Fontas property through an asset purchase which closed on December 17, 2002, with a senior Canadian oil and gas producer. Subsequent to this acquisition, Delphi completed an additional property acquisition in the area which closed on February 26, 2003. This second acquisition involved additional working interests in the Fontas wells that were initially acquired, together with three additional wells.

The property produces from five pools in the Mississippian aged Debolt Formation and the Cretaceous Detrital zone. It includes a large contiguous Crown land position of approximately 209,303 gross acres (37,190 net acres). Of these lands, 141,440 gross acres are undeveloped (25,373 net acres). Wells range in depth from 700m to 800m and require four to seven days to drill. Recent production from these pools was approximately 26 mmcf/day (5.1 mmcf/d) of sweet natural gas. Also included in the Company's 20 percent ownership are an extensive pipeline infrastructure and a 40 mmcf/day sour gas processing plant that also provides third party processing income. The Fontas gas plant is tied-in to the Nova pipeline system. The facility includes one water disposal well and a salt-water pipeline.

High quality, sweet natural gas production and existing infrastructure are appealing attributes of the Fontas area.

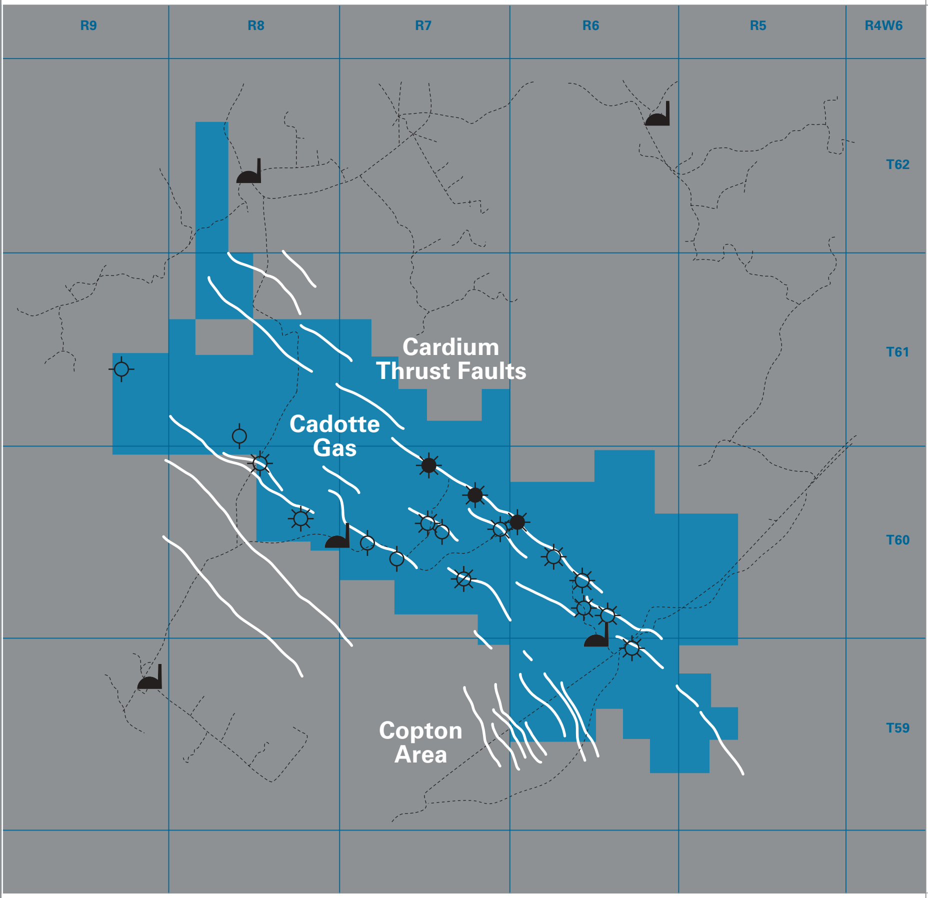
north west alberta

While acquisitions had the most notable impact on 2003, Delphi also carried out an active and successful drilling program. Drilling activity should be a more significant component of the 2004 program.

Delphi's analysis of Fontas revealed the potential for significant upside through further development. Delphi has access to a large 2D seismic data set over the property with which to map out the existing pools and also to identify new prospects. Numerous re-completions and tie-ins of existing standing wells together with the addition of booster field compression offer low risk production potential. During 2003 Delphi participated in the drilling of five wells, and has recently completed development work on the 2003/2004 winter program, which included the addition of booster field compression, pipelining projects, re-completions and the drilling of nine new wells.

Drilling targets for the 2003/2004 winter season included infill wells on undrilled sections within existing pools, step-out locations that further extended the defined boundaries of existing accumulations and new pool tests, which targeted the discovery of new gas pools. This drilling activity was spread across the Fontas area to increase current production and set up future development locations for the 2004/2005 winter season.

The Fontas area is busy through the winter months with extensive drilling activities and tieing in of new production.



Legend

- *Gas well*
- *Gas well*
- *Suspended well*
- *Suspended gas well*

Copton

The Copton property is located approximately 300 kilometres northwest of Edmonton, Alberta. Working interests vary from five percent to 25 percent, with an average working interest of 10.8 percent, in 105,600 (10,950 net) acres of Crown land. Of this land base, 96,000 gross acres (10,118 net acres) remain undeveloped. This property was acquired by participating at Crown land sales and through farm-in agreements on existing industry leaseholders. All farm-in obligations have been met and the lands are fully earned. The area is largely accessible by land during dry weather seasons. Delphi has access to a large 3D seismic database that covers the Copton property.

There are nine (0.9 net to Delphi) producing wells on the Copton property currently producing sweet gas, natural gas liquids and light oil from the Cretaceous aged Cardium and Cadotte formations. Wells vary in depth from about 2,400m to 3,500m. The Cardium Formation has been exploited through the use of horizontal wells, which maximizes the deliverability of the gas by intersecting natural fracture networks in this low permeability sandstone reservoir. The Cadotte Formation has been exploited with vertical wells which have been fracture stimulated. Sweet gas produced from the Copton property is rich in natural gas liquids and receives approximately 20 percent premium to base gas prices due to the high heat content of the gas. The Company holds a 10 percent working interest in the gas gathering pipelines and field compression facilities. The gas is processed at the Talisman Midstream's gas plants at Musreau and Cutbank approximately 20 kilometers north of the Copton property.

Significant upside exists in the large, undeveloped land base at Copton. Delphi is evaluating its alternatives for a go-forward strategy including acquisitions and working interest swaps in the area.

The Copton area should figure into future activity. This project area offers development activity, field optimization as well as interest swap or divestment options.

north west alberta

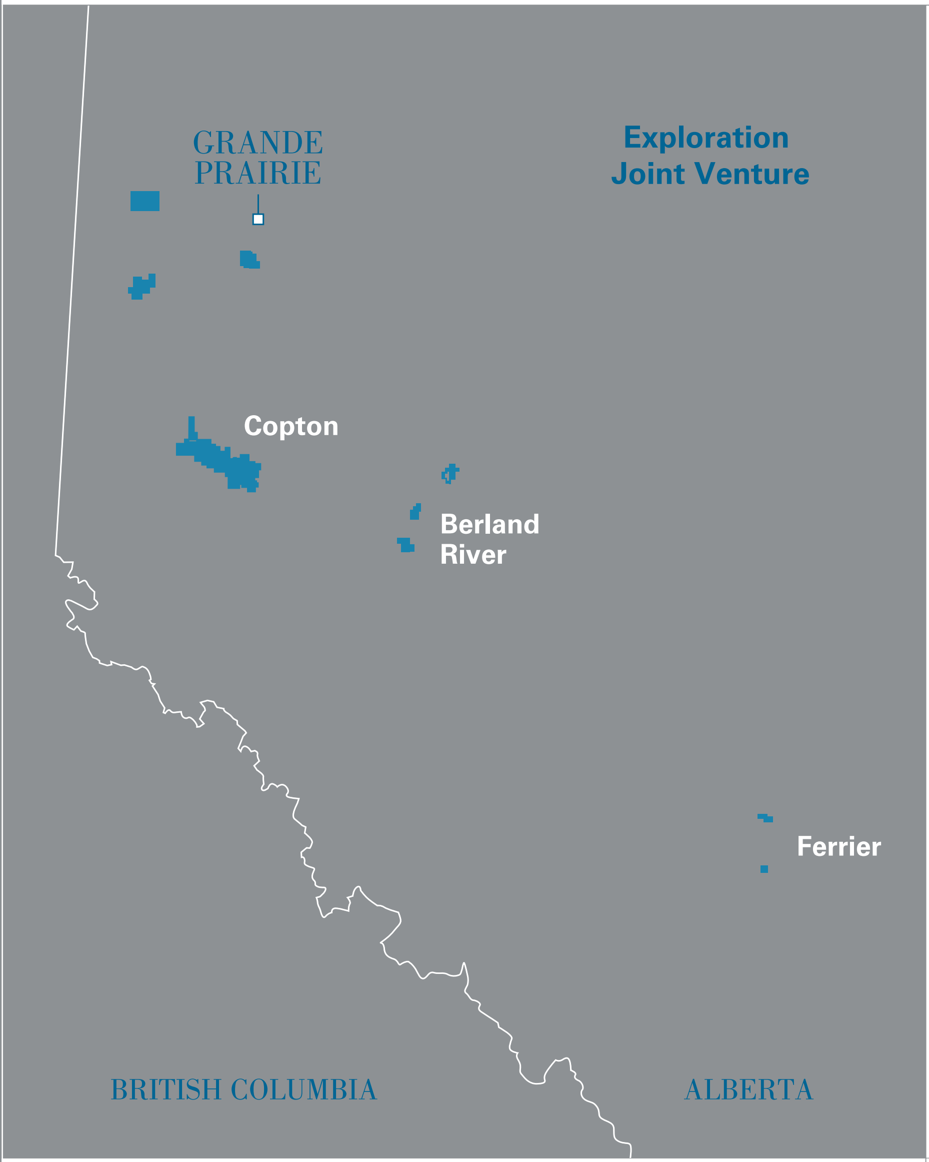
Berland River

The Berland River property is located approximately 250 kilometers northwest of Edmonton, Alberta. The area has multi-zone potential with an attractive risk/reward profile. Delphi currently holds an interest in two leases with working interests of 15.75 percent in six sections to 22.5 percent in two sections. There are 9,600 gross acres (1,181 net acres to Delphi) of Crown land, of which 7,680 gross acres (680 net acres to Delphi) are undeveloped. This property was acquired through a farm-in agreement with Petro-Canada. All farm-in obligations have been met and the lands are fully earned. There are no payout provisions. Petro-Canada Oil and Gas is the operator of the property. The area is largely accessible by land during dry weather seasons. The Berland River property has proved non-producing and probable additional reserves assigned to the Leduc Formation, as well as probable additional reserves assigned to the Cardium Formation. The reserves in the Leduc Formation have been tied-in and placed on production in April 2004.

During 2003 Delphi re-entered a well targeting Cretaceous sweet gas. The well is cased and was being flow tested in the first quarter of 2004. The well is located approximately two miles away from a new third party gathering system that was completed in 2002.

A range of opportunities at Berland River is highlighted by a re-entry well drilled in 2003 that is being tested in early 2004 and can be readily tied in with nearby infrastructure.

exploration joint venture



Delphi's experience in the industry creates opportunity for joint ventures with industry partners. This creates access to additional growth but without over-stretching in-house operations capability.

In conjunction with the Fontas area acquisition Delphi entered into a two year, deep exploration joint venture with Encana Resources ("Encana"). This joint venture offers high-impact upside not typically available to junior oil and gas companies. The exploration joint venture is focused in multi-zone areas within northwest and west-central Alberta and northeast British Columbia. Targets range from deeper Devonian sour dry gas zones to shallower Cretaceous liquid rich sweet gas zones. Targeted reserves range from 15 bcf to over 65 bcf of natural gas.

Delphi has committed to participate for a 16 percent working interest in the drilling of seven earning wells over a two-year period. Upon drilling, completing or abandoning an earning well on any of the project areas, Delphi will earn a net 10 percent working interest to the depth drilled in the well and all the lands associated with that particular project area. Under the joint venture agreement, the participating parties have access to any pipeline and gas-processing infrastructure controlled by EnCana in the project areas where present.

The joint venture agreement involves eight project areas on approximately 130,000 gross acres of EnCana lands. Full 3D seismic coverage with which to define locations is available on all the prospects. All prospects are in close proximity to pipeline and facility infrastructure.

By teaming up with large industry players, Delphi is given exposure to prospects that would otherwise take years to assemble. As well, joint ventures, like the ones with EnCana and Petro-Canada, offers growth opportunities with manageable risk exposure.

exploration joint venture

With joint venture arrangements, Delphi has been able to participate in a larger base of drill-ready exploration opportunities, taking appropriate working interests congruent with the risk profile and competing priorities for capital.

Two of the projects are located in the Ferrier area of west central Alberta. The Ferrier area is about 110 kilometres west of the city of Red Deer and is accessible in all weather conditions. It has existing pipeline infrastructure within five kilometres of the planned drilling locations. Two wells were drilled in this area in 2003. Delphi reduced its exposure in both these wells by 50 percent by bringing in additional industry partners. Both wells were dry in the primary target zone. Delphi earned a five percent working interest in 1,280 acres (64 net acres) of Crown land.

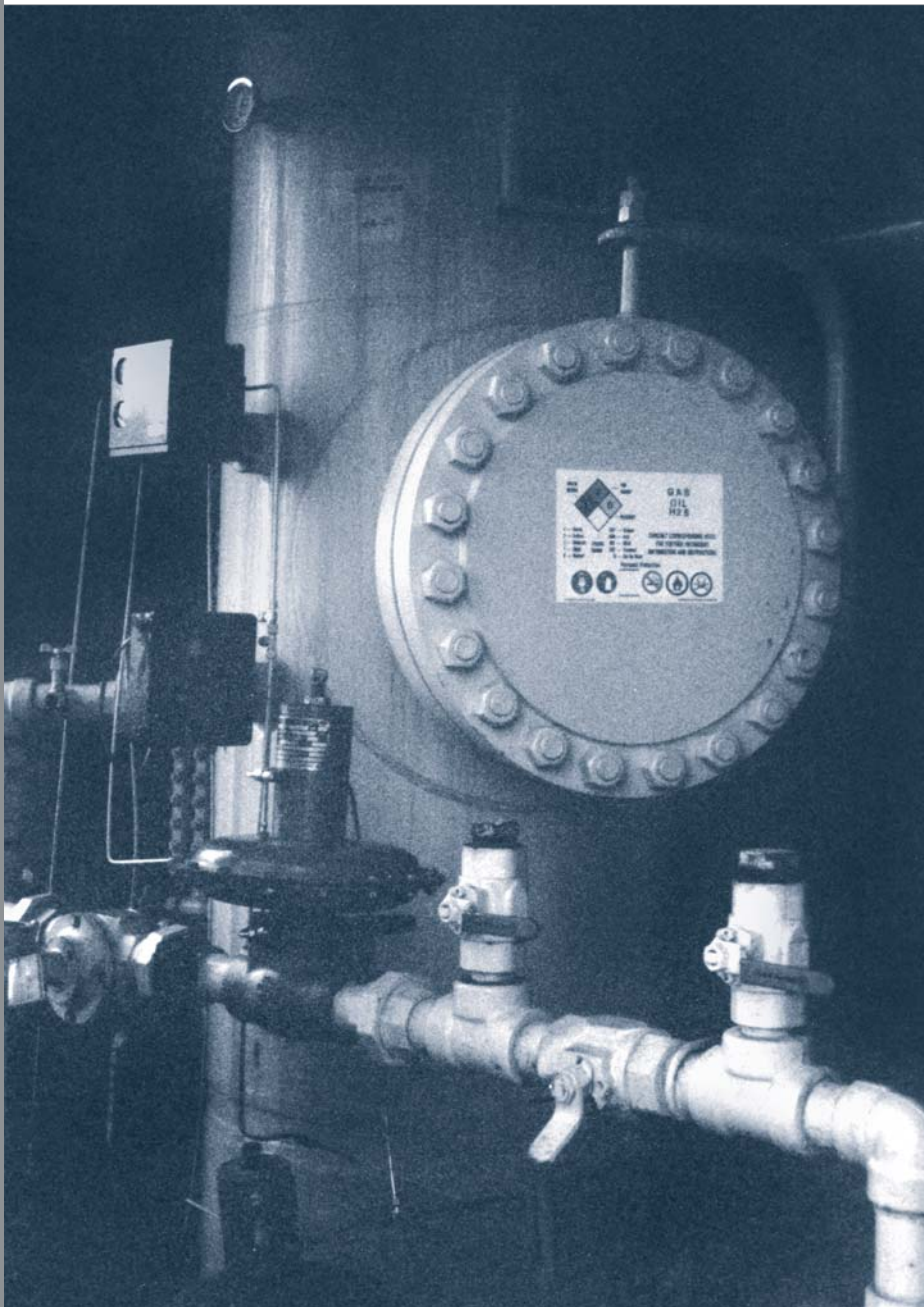
Three of the project areas are situated in northwest Alberta in the Berland River, Valhalla and Grovedale areas. These areas are characterized by dry weather access and multi-zone targets. Sweet gas gathering pipelines are within a few kilometres of this acreage and sour gas gathering pipelines are within 2 to 10 kilometres. During 2003 one well began drilling in this area, targeting the Devonian Wabamun Formations. Delphi earned an eight percent interest in this 10-22 well, which was successfully completed in the Wabamun Formation and flow tested at rates up to 10 million cubic feet per day of raw gas.

The Company also earned a 10 percent working interest in 3,200 acres and an eight percent working interest in 1,280 acres of land associated with the 10-22 discovery. Several up-hole zones including the Cadomin and Gething Formations also appeared prospective on the 10-22 logs. A twin well would be required to exploit any gas reserves within these shallower Createaceous aged sandstone reservoirs. A second well commenced drilling in January 2004 targeting the Devonian Nisku Formation. A third location has been identified and licensed in Valhalla targeting the Devonian Wabamun Formation and operations should begin after spring break-up.

A new 3D seismic survey has been shot by the parties on the eighth project area in Poplar, northeast British Columbia, with the option of drilling an earning well if the seismic interpretation is favourable. Additional project areas have yet to be defined by the joint venture parties.

The exploration joint venture is actively drilling in the first quarter of 2004 in addition to having the opportunity to identify new prospects within the joint venture agreement.

development joint venture



Development programs in western Canada are often focused on exploiting by-passed pay zones that for limited incremental investment, can add meaningful production volumes and reserves.

Subsequent to year-end, Delphi has executed a Letter of Intent to enter into a development joint venture with a major oil and gas company to exploit potential bypassed light oil and natural gas in existing suspended cased wells in the Grande Prairie area of northwest Alberta. The intent is that Delphi will perform re-completion operations on 10 wells over the summer months of 2004, earning a 50 percent working interest in the wells. The Company is anticipating spending $2.0 to $3.0 million to complete the 10 well program.

A meaningful component of the 2004 program is a new development joint venture in northwest Alberta that will see 10 wells re-completed with the opportunity to earn 50 percent working interests.

operational statistics

Reserves

Delphi retained the independent engineering firm of Gilbert Laustsen Jung Associates Ltd. ("GLJ") to evaluate the Company's reserve properties at January 1, 2004. The Audit and Reserves Committee has recommended the acceptance of the GLJ reserve estimates for purposes of the Annual Report.

The implementation of National Instrument 51-101 ("NI 51-101") policy placed more stringent and restrictive guidelines on reserve evaluations. Delphi experienced no significant effects as a result of the implementation of NI 51-101.

Reserves Reconciliation

Reconciliation of Company Gross Reserves(1)(2)

	Crude oil and NGL (mbbls)			Natural gas (mmcf)			Mboe (6:1)		
	Proved	Probable	Total	Proved	Probable	Total	Proved	Probable	Total
January 1, 2003	100.5	66.3	166.8	6,850.0	3,389.0	10,239.0	1,242.2	631.1	1,873.3
Discoveries and extensions	22.1	16.5	38.6	4,449.0	(483.0)	3,966.0	763.6	(64.0)	699.6
Technical revisions	(166.5)	112.4	(54.1)	248.0	768.0	1,016.0	(125.2)	240.4	115.2
Dispositions	–	–	–	–	–	–	–	–	–
Acquisitions	1,231.1	330.3	1,561.4	2,741.0	874.0	3,615.0	1,687.9	476.0	2,163.9
Total additions, net of revisions	1,086.7	459.2	1,545.9	7,438.0	1,159.0	8,597.0	2,326.3	652.4	2,978.7
Production	(75.2)	–	(75.2)	(1,781.0)	–	(1,781.0)	(372.0)	–	(372.0)
January 1, 2004	1,112.0	525.5	1,637.5	12,507.0	4,548.0	17,055.0	3,196.5	1,283.5	4,480.0

(1) Gross reserves represent the Company's interest before deducting royalties and without including any royalty interest of the Company.
(2) Opening balance of probable reserves is based on 50% risked probable reserves.

Summary of Reserves

Company Interest Reserves(1)	**2003**	2002(2)	Increase (%)
Proved producing oil & NGLs (mbbls)	**794.5**	85.0	835
Proved producing natural gas (mmcf)	**9,239.0**	5,060.0	83
Total proved producing (mboe)	**2,334.3**	928.3	151
Proved oil & NGLs (mbbls)	**1,112.0**	100.5	1,006
Proved natural gas (mmcf)	**12,507.0**	6,850.0	83
Total proved (mboe)	**3,196.5**	1,242.2	157
Probable oil & NGLs (mbbls)	**525.5**	66.3	693
Probable natural gas (mmcf)	**4,548.0**	3,389.0	34
Total probable (mboe)	**1,283.5**	631.1	103
Proved plus probable oil & NGLs (mbbls)	**1,637.5**	166.8	882
Proved plus probable natural gas (mmcf)	**17,055.0**	10,239.0	67
Total proved plus probable (mboe)	**4,480.0**	1,873.3	139

(1) Gross reserves represent the Company's interest including royalty interests before the deduction of royalties.
(2) Represents proved plus 50% of probable reserves.

Commodities Price Forecast

The following table sets forth GLJ's January 1, 2004, pricing assumptions and currency exchange used in the preparation of the GLJ Report.

	WTI ($US/bbl)	Currency exchange rate ($US/$Cdn)	Edmonton reference price ($Cdn/bbl)	AECO-C spot price ($Cdn/mmbtu)
2004	34.25	0.75	44.75	6.65
2005	29.00	0.75	37.75	5.55
2006	27.00	0.75	35.25	5.20
2007	25.00	0.75	32.50	5.00
2008	25.00	0.75	32.50	5.00
2009	25.00	0.75	32.50	5.00
2010	25.50	0.75	33.00	5.10
2011	25.75	0.75	33.50	5.20
2012	26.25	0.75	34.00	5.25
2013	26.50	0.75	34.50	5.35
2014	27.00	0.75	35.00	5.45
Escalate thereafter at	1.5%/yr		1.5%/yr	1.5%/yr

Net Present Value of Reserves – Escalated Pricing (1)(2)

	Undiscounted	Discounted at 10%	Discounted at 15%
Proved			
Developed producing	36,075	27,239	24,575
Developed non-producing	8,345	6,167	5,429
Undeveloped	1,096	674	549
Total proved	45,516	34,080	30,553
Probable	16,906	9,894	8,060
Total proved plus probable	62,422	43,974	38,613

(1) Includes ARTC and before income taxes.
(2) As required by NI 51-101, undiscounted well abandonment of $1.7 million, 10% discounted of $1.0 million and 15% discounted of $0.8 million for total proved and $1.8 million, $0.9 million and $0.6 million respectively, for total proved plus probable reserves are included in net present value determination.

Net Present Value of Reserves – Constant Pricing(1)(2)(3)

	Undiscounted	Discounted at 10%	Discounted at 15%
Proved			
Developed producing	40,114	29,349	26,088
Developed non-producing	10,057	7,216	6,268
Undeveloped	1,500	933	763
Total proved	51,670	37,497	33,119
Probable	20,108	11,748	9,508
Total proved plus probable	71,778	49,245	42,627

(1) Includes ARTC and before income taxes
(2) As required by NI 51-101, undiscounted well abandonment of $1.7 million, 10% discounted of $1.0 million and 15% discounted of $0.8 million for total proved and $1.8 million, $0.9 million and $0.6 million respectively, for total proved plus probable reserves are included in net present value determination.
(3) Price assumptions: $40.81 Cdn$/bbl Edmonton Reference Price and $6.09 Cdn$/mcf AECO "C".

Finding and On-stream Costs

	2003	2002
Finding costs ($000s)		
Land	**$ 728**	$ 587
Seismic	**486**	25
Drilling and completion	**5,863**	6,250
Other	**428**	209
Acquisitions	**16,565**	7,380
Total finding costs	**24,070**	14,451
Facilities	**3,510**	1,460
Total on-stream costs	**27,580**	15,911
Reserve additions (mmboe)(3)		
Proved	**2,326.3**	593.0
Proved plus probable	**2,978.7**	806.7(2)
Finding costs per unit ($/boe)		
Proved	**10.35**	24.36
Proved plus probable	**8.08**	17.91
On-stream ($/boe)		
Proved	**11.86**	26.83
Proved plus probable	**9.26**	19.72
On-stream including incremental future capital ($/boe)(1)		
Proved	**12.44**	27.04
Proved plus probable	**8.86**	18.49

(1) Includes the net increase (decrease) in future development costs on proved reserves of $1,360,000 and $121,000 in 2003 and 2002 respectively; on proved plus probable reserves of $(1,179,000) and $(994,000) in 2003 and 2002.
(2) Represents proved plus 50% risked probable reserves.
(3) Includes acquisitions and revisions.

Reserve Life Index

2003	Crude oil and NGL (mbbls) Proved	Probable	Total	Natural gas (mmcf) Proved	Probable	Total	Mboe (6:1) Proved	Probable	Total
Reserves – December 31, 2003	1,112.0	525.5	1,637.5	12,507.0	4,548.0	17,055.0	3,196.5	1,283.5	4,480.0
Average daily sales – December 2003	717		717	5.7		5.7	1,669.3		1,669.3
Reserves life index (years)	4.3		6.3	6.0		8.2	5.2		7.4

Reserves Per Outstanding Common Share

	2003	2002	Change (%)
Proved and probable reserves (mboe – 6:1)	**4,480.0**	1,873.3	139
Proved and probable reserves per outstanding common share (boe)	**0.18**	0.11	66

Net Asset Value

($000s except per share data)	Proved	Proved plus probable
Estimated net future revenues from GLJ report at 10%(1)	$ 34,079	$ 43,974
Value of undeveloped land	6,499	6,499
Indebtedness	(10,688)	(10,688)
Net asset value	29,890	39,785
Common shares outstanding	25,218	25,218
Net asset value per share	1.19	1.58
Net asset value per share excluding abandonment costs(1)	1.22	1.61

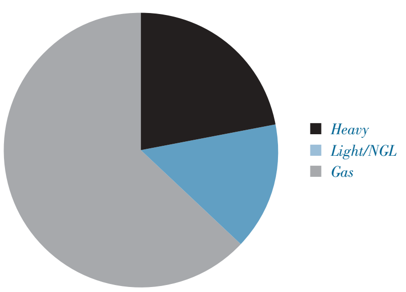
(1) As required by NI 51-101, undiscounted well abandonment of $953,000 for total proved and $868,000 for total proved plus probable reserves are included in net present value determination.

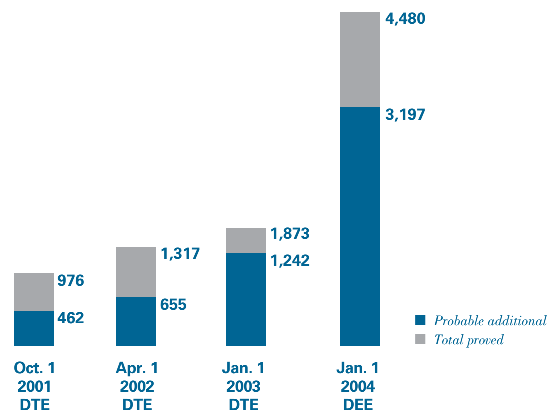
Acreage Summary

December 31, 2003 (acres)	Total Gross	Net	Undeveloped Gross	Net	Fair market value(1)
Northwest Alberta	344,360	49,835	246,400	36,228	$ 5,249,992
East Central Alberta	58,135	29,815	44,632	12,486	$ 1,248,645
Total	402,495	79,650	291,032	48,714	$ 6,498,637

(1) Seaton Jordon & Associates Ltd. – Undeveloped lands only.

Reserve Growth Profile





md&a

The following is management's discussion and analysis ("MD&A") of Delphi Energy Corp.'s ("Delphi" or the "Company") operating and financial results for the year ended December 31, 2003, compared with 2002. This discussion should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2003 and 2002, together with the notes thereto all of which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The date of this MD&A is April 20, 2004. Additional information relating to the Company, including the 2003 Annual Information Form is available on SEDAR at www.sedar.com.

DT Energy Ltd. ("DT"), a private company engaged in oil and gas exploration and development, merged with Rise Energy Ltd. ("Rise"), a public company engaged in oil and gas exploration and development, effective June 19, 2003, and continued as Delphi Energy Corp., a public company. Reference should be made to the Amended and Restated Arrangement Agreement, dated April 30, 2003. Following completion of the arrangement, previous shareholders and special warrant holders of DT held approximately 87.5 percent of the common shares of the Company. Accordingly, the combination has been treated as a reverse take-over of Rise by DT. As part of the plan of arrangement, the shares of DT were consolidated and these financial statements reflect this consolidation.

On September 15, 2003, and October 31, 2003, respectively, Delphi acquired all of the issued and outstanding shares of Murias Energy Corporation ("Murias") and of Fish Creek Resources Inc. ("Fish Creek"). The consolidated financial statements reflect the historical accounts of the Company together with the accounts of Murias and Fish Creek from the effective date of the acquisition.

Non-GAAP Measures

Certain supplemental information is presented in this MD&A. This MD&A contains the term "cash flow from operations," which should not be considered an alternative to, or more meaningful than, "cash flow from operating activities" as determined in accordance with GAAP as an indicator of the Company's performance. Delphi's determination of cash flow from operations may not be comparable to that reported by other companies. The reconciliation between net earnings and cash flow from operations can be found in the consolidated statements of cash flows. The Company also presents cash flow from operations per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of earnings per share.

Production information and reserves are reported in units of barrels of oil equivalent ("boe"). Disclosure provided in respect of boe units may be misleading particularly if used in isolation. Where amounts are stated on a boe basis, gas volumes have been converted to barrels of oil equivalent at a ratio of 6,000 cubic feet of gas to a barrel of oil equivalent. This conversion ratio is based upon an energy equivalent method primarily applicable at the burner tip and does not represent value equivalence at the wellhead.

Forward-looking Information

The MD&A contains forward-looking or outlook information with respect to Delphi. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. These statements speak only as of the date of this MD&A.

HIGHLIGHTS

- Average production increased 491 percent to 1,063 boe/d (250 percent increase on a per share basis), a result of acquisition and development volume additions offset by natural declines.
- Cash flow for 2003 was $6.7 million ($0.31 per share), increasing 766 percent over the prior year.
- Earnings were $1.3 million ($0.06 per share) compared to a loss of $3.3 million ($0.31 per share) for the year ended December 31, 2002.
- Drilling during 2003 resulted in 16 gross wells (6.9 net) with a 93 percent success rate. The exploration and development program resulted in six net natural gas wells and 0.4 net oil wells.
- Capital costs in 2003 of $27.6 million resulted in a net 3.0 million boe of proved plus probable reserves at $8.86/boe.
- In 2003, Delphi closed three corporate acquisitions as well as a number of property purchases for total costs of $16.6 million. Cost of corporate acquisitions was $10.36/boe on a proved reserve basis.
- Reserve additions resulted in growth of 157 percent in proved reserves replacing 2002 production by a factor of 6.2 times, while proved plus probable reserves increased 139 percent.
- Corporate proved reserve life index was extended to 5.2 years from 4.8 years in 2002.

Selected Annual Information

Financial Highlights ($000s except per boe and per share amounts)	Year ended December 31 2003	2002
Gross petroleum and natural gas sales	**$ 13,705**	$ 1,908
Per boe	**35.34**	29.00
Cash flow from operations	**6,666**	770
Per boe	**17.19**	11.71
Per share – basic	**0.31**	0.07
– diluted	**0.30**	0.07
Earnings (loss)	**1,277**	(3,250)
Per boe	**3.30**	(49.40)
Per share – basic and diluted	**0.06**	(0.31)
Capital costs	**27,580**	15,911
Debt, net	**10,688**	–
Total assets	**48,521**	21,584
Shares outstanding		
Basic	**25,218**	18,232
Diluted	**27,216**	18,232

Production

Year ended December 31	2003	2002	Change (%)
Natural gas (mcf/d)	**5,082**	814	524
Percentage of total production (%)	**80**	75	
Crude oil (bbl/d)	**185**	6	2,983
NGLs (bbl/d)	**31**	38	(18)
Percentage of total production (%)	**20**	25	
Total (boe/d)	**1,063**	180	491

Production for the year ended December 31, 2003, of 1,063 boe/d, is comprised of 80 percent natural gas and 20 percent crude oil and natural gas liquids. Average production volumes have increased 491 percent on a year-over-year basis in 2003 when compared to 2002 primarily a result of acquisitions.

Natural gas production increased 524 percent during 2003 compared to 2002, primarily a result of an asset acquisition at Fontas, which closed late in the fourth quarter of 2002, and the addition of production from the amalgamation with Rise, which closed in June 2003. The Company also added production during 2003 from the development program in Fontas completed during the first quarter of 2003 and the successful drilling program in the second and third quarter of 2003 bringing on-stream four natural gas wells in the fourth quarter of 2003.

Crude oil and liquids production was 391 percent higher for the year ended 2003 averaging 216 bbl/d compared to 44 bbl/d for the year ended 2002. This increase is primarily due to the effect of the amalgamation with Rise and the acquisition of Murias and Fish Creek.

Delphi expects production for the full year of 2004 to average approximately 2,200 boe/d. This estimate incorporates the Company's natural decline rate, anticipated operating interruptions and estimated production additions from the 2004 capital program. Factors influencing the estimated average production for 2004 include drilling success and the time required to bring new or re-completed wells on-stream.

Commodity Pricing

Benchmark Prices

Year ended December 31	2003	2002	Change (%)
Natural gas (AECO $/mcf)	$ 6.67	$ 4.07	64
Crude oil (US WTI $/bbl)	31.04	26.08	19
Crude oil (Cdn $/bbl)	43.35	40.94	6

Average Sales Prices

Year ended December 31	2003	2002	Change (%)
Natural gas ($/mcf)	$ 6.24	$ 4.52	38
Crude oil, before hedging ($/bbl)	28.06	34.60	(19)
Hedging settlements ($/bbl)	(1.23)	–	–
Crude oil, after hedging ($/bbl)	26.83	34.60	(22)
NGLs ($/bbl)	28.68	34.75	(17)
Total ($/boe)	35.34	29.00	22

During 2003 commodity prices were generally higher than in 2002, with the Company's average realized sales price increasing 22 percent in 2003 over 2002. Delphi's average natural gas sales price increased 38 percent annually matching the trend of AECO benchmark prices. Crude oil prices were volatile throughout 2003. West Texas Intermediate at Cushing, Oklahoma ("WTI"), the benchmark for North American crude oil prices, increased 19 percent for the year, while the Canadian equivalent price increased marginally, due to strengthening in the Canadian/US dollar exchange rate. Delphi's average annual crude oil sales price before the effect of hedging, decreased 19 percent.

The Company enters into financial instruments to reduce commodity price volatility, increase cash flow stability and protect acquisition economics.

At December 31, 2003, the Company had the following physical gas sales contracts outstanding:

Year	Time period	Commodity	Type of contract	Quantity contracted	Price
2004	November 2003 – March 2004	Natural gas	Costless collar	1,000 GJ/d	$6.00 floor/$7.00 ceiling
2004	January 2004 – March 2004	Natural gas	Costless collar	2,000 GJ/d	$7.00 floor/$8.00 ceiling
2004	March 2004	Natural gas	Fixed price	2,000 GJ/d	$7.00 fixed
2004	April 2004 – October 2004	Natural gas	Fixed price	1,000 GJ/d	$5.19 fixed

Natural gas prices for 2004 remained strong due to continued cold weather in eastern North America, which has resulted in high storage withdrawals combined with already lower winter storage levels. These lower storage levels, combined with demand for storage re-injection, are forecast to support prices through the summer and fall of 2004. Crude oil prices are estimated to remain strong throughout 2004 with the forward price at mid-March for the remainder of 2004 at $45.99.

Revenue

Year ended December 31 ($000s)	2003	2002	Change (%)
Natural gas	$ 11,572	$ 1,343	762
Crude oil (1)	1,808	80	216
NGLs	325	485	(33)
Total	13,705	1,908	618
Hedging loss included above(1)	82	–	–

Year-over-year total revenues increased $11.8 million or 618 percent in 2003, compared to 2002. Of the increase in total revenue, 86 percent is attributable to natural gas, which increased 762 percent over 2002 primarily due to increased production from the Fontas property acquisition, the amalgamation with Rise and a 38 percent increase in the Company's realized gas price. Crude oil revenue increased 216 percent for the year ended 2003 compared to 2002, accounting for 14 percent of the overall increase for the year. Crude oil revenue growth for 2003 was the result of increased production, primarily due to acquisitions.

Royalties

Year ended December 31 ($000s except per boe amounts)	2003	2002	Change (%)
Crown	**$ 2,572**	$ 405	535
Freehold and gross overriding	**383**	142	170
Total royalties	**2,955**	547	440
Royalty credits	**133**	107	24
Net royalties	**2,822**	440	541
Per boe	**7.28**	6.69	9
Percent of total revenue (%)	**20.6**	23.1	(11)

Delphi pays royalties to the provincial government, freeholders, which can be individuals or companies, and other oil and gas operators who own surface or mineral rights. The Company also receives Alberta Royalty Tax Credit ("ARTC"), a tax rebate received from the Alberta government for eligible Crown royalties paid in the year. Royalty rates are calculated on a sliding scale based on commodity prices and individual well production rates. As prices increase or as there is an increase in higher producing wells, royalty rates also increase. Royalty expense in 2003 increased 541 percent compared to 2002, as a result of increased production and higher natural gas prices year-over-year. Royalties as a percentage of revenue decreased 2.5 percent for the year ended December 31, 2003, compared to 2002, due to increased gas cost allowance rebates for 2003.

Delphi is estimating the royalty rate for Company production to average 20 percent of revenue. Royalty rates can vary according to a number of factors, including the difference of reference prices compared to wellhead prices, royalty holiday status of wells, individual well production and proportionate types of royalties.

Operating Expenses

Year ended December 31 ($000s except per boe amounts)	2003	2002	Change (%)
Total operating costs	**$ 3,073**	$ 334	820
Per boe	**7.92**	5.07	56
Percent of total revenue (%)	**22.4**	17.5	28

Operating expenses increased $2.7 million in 2003 compared to 2002. A primary factor for the increase in costs was the 491 percent increase in volumes in 2003. On a per boe basis, annual operating costs have increased 56 percent over 2002, primarily a result of the acquisition of higher operating cost oil properties in the second half of 2003 as well as higher rates on electricity and fuel.

Total operating costs, on a per unit basis, are expected to decrease as more production volumes are added and the Company continues to create operating synergies in its core areas of operation.

General and Administrative

Year ended December 31 ($000s except per boe amounts)	2003	2002	Change (%)
General and administrative costs	**$ 1,300**	$ 579	125
Overhead recoveries	**(175)**	–	–
Salary reallocations	**(356)**	(177)	(101)
Net	**769**	402	91
Per boe	**1.98**	6.11	(68)

General and administrative costs ("G&A") increased 91 percent in 2003 from 2002, primarily due to additional staff and higher office rent and public company expenses required as a result of the increased size of the Company's operations and its increased asset base. Overhead recoveries recorded in 2003 are primarily due to the acquisition of operated areas in the Rise amalgamation. General and administrative expenses are forecasted to be approximately $2.00 per boe in 2004, which includes higher reserve evaluation costs due to the adoption of NI 51-101 and non-cash costs associated with the adoption of the new stock based compensation requirements.

Interest

Year ended December 31 ($000s except per boe amounts)		2003		2002	Change (%)
Financing	$	**209**	$	(57)	467
Other		**62**		(3)	2,167
Total interest		**271**		(60)	552
Per boe		**0.70**		(0.91)	177

Interest expense in the year ended December 31, 2003, increased $331,000 over 2002, a result of increased average debt balances offset slightly by lower interest rates. Bank debt increased $9.0 million in 2003, a result of an increased exploration and development program, combined with multiple acquisitions, which were financed with a combination of bank debt and shares.

Depletion and Depreciation

Year ended December 31 ($000s except per boe amounts)		2003		2002	Change (%)
Depletion and depreciation	$	**4,169**	$	1,367	205
Provision for abandonment and restoration		**425**		–	100
Total		**4,594**		1,367	236
Per boe		**11.84**		20.78	(43)
Write down of P&NG assets		**–**		4,880	(100)

Compared to 2002, the depletion and depreciation rate per boe decreased 48 percent in 2003, resulting in an annual rate of $10.75 for depletion and depreciation (not including abandonment and restoration costs), compared to $20.78 in 2002. The decrease is primarily attributable to lower cost proved reserve additions in 2003. Depletion and depreciation expense increased $3.2 million in 2003 compared to 2002, primarily due to increased production levels and a larger capital base in 2003.

The Company performs a ceiling test calculation at each balance sheet date which compares the net book value of capital assets to an estimate of the future net revenue from proved reserves, from our independent reserves evaluator, less estimated future financing costs, general and administrative costs and income taxes. At December 31, 2003, in accordance with stated accounting policies, Delphi performed a ceiling test using commodity prices as at the measurement date December 31, 2003. Using the December 31, 2003, commodity prices of $5.90/mcf for natural gas and $28.25/bbl for crude oil resulted in a ceiling test surplus.

A provision of $425,000 was made for well and facility abandonment and site reclamation in 2003. This provision is based on cost estimates for abandonment and reclamation work and is charged to deletion and depreciation on a unit of production basis. Actual abandonment and reclamation costs are charged against this provision as they occur.

Income Taxes

Year ended December 31 ($000s)		2003		2002	Change (%)
Current	$	**106**	$	22	382
Future (recovery)		**795**		(2,226)	(135)
Total income taxes		**901**		(2,204)	(141)

The higher future tax provision for the year ended December 31, 2003, compared to 2002 is a result of the ceiling test write-down recorded by the Company in 2002, which reduced future taxes by approximately $2.1 million. The effective tax rate of minus 30 percent for 2003 was compared to 40 percent for 2002. The lower effective rate in 2003 is attributable to an additional recovery associated with the rate reductions and deduction changes enacted by the federal government in 2003. Current taxes for the year ended December 31, 2003, are comprised of Federal Large Corporations Tax ("LCT") of $66,000 and Part 1 current tax of $40,000, compared to $22,000 of LCT in 2002. As at December 31, 2003, the Company had over $30 million in tax pools available for use and will not likely be cash-taxable in 2004.

Tax Pools

As at December 31, 2003	
COGPE	$ 12,689,989
CDE	4,559,966
CEE	3,664,155
UCC	7,993,544
Non-capital loss	334,123
ECE	88,671
Share issue costs	1,337,707
Total	$ 30,668,155

Net Income

For the year ended December 31, 2003, cash flow was $6.7 million ($0.31 per share) compared to $770,000 ($0.07 per share) for 2002. For 2003, net income was $1.3 million ($0.06 per share) compared to a loss of $3.3 million ($0.31 per share) for 2002. The 2003 cash flow and net income reflect the effects of increased revenues resulting primarily from higher production volumes. The 2002 loss includes a $4.9 million write-down in the book value of properties offset by a $2.2 million future tax benefit.

Netback Analysis

Year ended December 31 ($/boe)	2003	2002	Change (%)
Sales price, after hedging	$ 35.34	$ 29.00	22
Royalties	7.28	6.69	9
Operating expenses	7.92	5.07	56
Operating netback	20.14	17.24	17
G&A	1.98	6.11	(68)
Interest	0.70	(0.91)	177
Current income taxes	0.27	0.33	(18)
Cash netback	17.19	11.71	47
Depletion and depreciation	10.75	20.78	(48)
Write down of P&NG assets	–	74.17	(100)
Abandonment and restoration	1.09	–	100
Future income taxes (recovery)	2.05	(33.84)	106
Net income (loss)	3.30	(49.40)	107

Recycle Ratio

($/boe)	Year ended December 2003
Operating netbacks	$ 20.14
Current year proved reserves finding, development and acquisition costs	12.37
Proved recycle ratio	1.6
Current year proved plus probable reserves finding, development and acquisition costs	8.81
Proved plus probable recycle ratio	2.3

The recycle ratio is a measure for evaluating the effectiveness of a company's re-investment program. The recycle ratio is a key indicator in the oil and gas industry of efficiency and profitability. The recycle ratio is calculated by dividing the current year average finding, development and acquisition costs into the Company's operating netback. Delphi places significant emphasis on achieving a high recycle ratio.

Liquidity and Capital Resources

Capitalization and Debt ($000s except share amounts)	As at December 2003
Common shares outstanding	25,218,092
Share price (end of period)	$ 1.75
Market value of common shares	44,132
Debt including working capital deficit	10,688
Total capitalization	54,820
Debt as a percentage of capitalization (%)	19

At December 31, 2003, the Company had $9.0 million outstanding on its credit facility and a working capital deficit of $1.7 million, totaling $10.7 million of total net debt. At December 31, 2003, the Company had a $16 million operating credit facility consisting of an $11 million demand revolving operating facility and a $5 million acquisition and development credit facility. Subsequent to year-end the Company renegotiated its operating credit facility resulting in an increase to $16 million. On January 30, 2003, the Company issued through a private placement 3,600,000 special warrants at a price of $0.50 per warrant, for total proceeds of $1.7 million, net of underwriting fees. These warrants were converted as part of the Plan of Arrangement to 1,836,000 common shares at a price of $0.98 per share. On December 18, 2003, the Company closed a bought deal private placement financing whereby 1,136,364 flow-through common shares were issued at a price of $2.20, for gross proceeds of $2.5 million. The proceeds, net of underwriting fees and expenses, were $2.3 million. For the year ended December 31, 2003, the Company funded the $18.1 million cash component of its $27.6 million capital program through cash flow generation of $6.7 million, common share equity issues of $3.9 million and an increase in net debt of $7.5 million. The $9.5 million non-cash component of the 2003 capital program was financed through common share issues. The Company expects to fund its 2004 capital program primarily through internally generated cash flow.

Drilling Results

Year ended December 2003	Gross	Net
Natural gas wells	10.0	6.0
Oil wells	2.0	0.4
Dry holes	4.0	0.5
Total wells	16.0	6.9
Success rate (%)	75	93

Capital Invested

Year ended December 31 ($000s)	2003	2002	Change (%)
Land	$ **728**	$ 587	24
Seismic	**486**	25	1,844
Drilling and completions	**5,863**	6,250	(6)
Equipping and facilities	**3,510**	1,460	140
Property acquisitions	**16,565**	7,380	124
Capitalized expenses	**302**	177	71
Other	**126**	32	294
Total	**27,580**	15,911	73

Delphi's 2003 capital program was the largest in its history and totaled $27.6 million. Of the total capital spent in 2003, $5.9 million was spent on Delphi's drilling program which contributed to new reserve additions. Seventy-seven percent of the $3.5 million spent on equipping and facilities in 2003 represents increasing capacity and debottlenecking facilities which contribute to future production volumes. Delphi's exploration and development program in 2003 resulted in 16 wells (6.9 net) being drilled with an overall success rate of 93 percent (net). Seven of these wells (1.05 net) were drilled in the Company's core region of Northwest Alberta resulting in five natural gas wells (1.0 net), and one dry hole (0.1 net). In December, the Company, in preparing for the winter drilling season, began drilling three wells from a multi-well winter development program in the core area of Fontas and, in keeping with the strategy of balancing low risk opportunities with certain high risk/high reward opportunities, participated in two exploratory wells in the Berland River area. During the year, nine wells (5.8 net) were drilled in the East Central area of Alberta, resulting in five natural gas wells (5.0 net), two oil wells (0.5 net) and two dry holes (0.2 net).

During 2003, the Company spent $16.6 million on acquisitions, compared to $7.4 million in 2002. In June, DT, a private company engaged in oil and gas exploration and development, merged with Rise, a public company engaged in oil and gas exploration and development, and continued as Delphi, a public company. In September and October the Company completed the acquisitions of Murias and Fish Creek, respectively. The assets of both of these companies are located in the Company's core area of East Central Alberta. With these purchases, Delphi added to its already strong operational presence in the greater Provost area. The Company closed three additional property acquisitions in this region in December 2003.

Outstanding Share Data

The common shares of Delphi trade on the TSX Venture Exchange under the symbol DEE.V. The following table outlines the common shares issued during 2003 and 2002.

	Number of shares/warrants
Class A common shares:	
Balance, December 31, 2001	9,244,560
Issue of common shares	6,218,737
Issue of flow-through special warrants	2,768,623
Balance, December 31, 2002	18,231,920
Issued for cash pursuant to a private placement	1,836,000
Issued to DT shareholders with respect to the reverse take-over of Rise	20,067,920
Common shares of Rise at date of acquisition	2,861,714
Issue of common shares with respect to the acquisition of Murias	358,000
Issue of common shares with respect to the acquisition of Fish Creek	540,540
Issue of common shares with respect to asset acquisitions	153,554
Issue of flow-through common shares for cash	1,136,364
Exercise of stock options for cash	100,000
Balance, December 31, 2003	25,218,092

Contractual Obligations

Delphi currently has in place a lease rental commitment that runs from 2004 through 2008 and requires annual payments of $87,000.

Sensitivities (Based on 2004 Budget)

	Cash flow ($000s)	Cash flow ($ per share)	Net earnings ($000s)	Net earnings ($ per share)
Change of 1.0 mmcf/d in natural gas production	$ 1,372	$ 0.05	$ 398	$ 0.01
Change of 100 bbl/d in oil production	558	0.02	346	0.01
Change of $1.00 per bbl in average oil price	232	0.01	144	–
Change of $0.10 per mcf in average gas price	294	0.01	183	–

Business Conditions and Risk

The business of exploration, development and acquisition of oil and gas reserves involves a number of uncertainties, and as a result Delphi is exposed to certain business risks inherent in the oil and gas industry which affect the Company's results. These business risks can be generally grouped into two major areas: operations, including environmental, and financial.

Operationally, the Company faces risks associated with finding, developing and producing oil and gas reserves. The Company attempts to control operating risks by maintaining a disciplined approach to implementation of the exploration and development program. Exploration risks are managed by hiring experienced technical staff and by concentrating the exploration activity on specific core regions where the Company has experience and expertise. The Company also attempts to operate associated projects where its level of ownership is sufficient to influence decisions. Operational control allows the Company to manage costs, timing and sales of production.

Estimates of economically recoverable reserves and the future net cash flow they will generate are based on a number of factors and assumptions, such as commodity prices, projected production and future operating costs. All of these estimates may vary from actual results. The Company has its reserves evaluated annually by an independent engineering firm and reviews their findings with the Reserves Committee of the Board of Directors.

Environmental risks are also associated with field operations. The Company has health and safety programs and procedures, and has an environmental standards policy. These policies and procedures are designed to protect and maintain the environment with respect to all Company operations on behalf of the shareholders, employees and the public. The Company performs an annual third party audit of all the safety and environmental policies designed to ensure compliance. Delphi also carries environmental liability, property, drilling and general liability insurance.

The Company is also exposed to financial risks in the form of commodity prices, interest rates, the Canadian to US dollar exchange rate and inflation. Delphi manages commodity price risks by focusing its capital program on areas that will generate attractive rates of return even at substantially lower commodity prices than the industry is currently receiving. The Company also conducts a price-hedging program designed to mitigate large downward movements in commodity prices.

Application of Critical Accounting Estimates

The significant accounting policies used by Delphi are disclosed in note 1 to the Consolidated Financial Statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The following discusses such accounting policies and is included in the MD&A to aid the reader in assessing the critical accounting policies and practices of the Company and the likelihood of materially different results being reported. Delphi's management reviews its estimates regularly. The emergence of new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates.

The following assessment of significant accounting policies is not meant to be exhaustive. The Company might realize different results from the application of new accounting standards promulgated, from time to time, by various rule-making bodies.

Proved and Probable Oil and Gas Reserves

Under NI 51-101, "proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable (it is likely that the actual remaining quantities recovered will exceed the estimated proved reserves). In accordance with this definition, the level of certainty targeted by the reporting company should result in at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated reserves. There was no such consideration of probability under NP 2B. In the case of "probable" reserves, which are obviously less certain to be recovered than proved reserves, NI 51-101 states that it must be equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves. With respect to the consideration of certainty, in order to report reserves as proved plus probable, the reporting company and its independent evaluator must believe that there is at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves. The implementation of NI 51-101 has resulted in a more rigorous and uniform standardization of reserves evaluations.

Proved plus probable reserves as defined in NI 51-101 are viewed by many industry participants as being comparable to the "established" reserves definition that was used historically. Under the previous rules, the established reserves category was generally calculated on the basis that proved plus half of probable reserves (as those terms were defined in NP 2B) represented the best estimate at the time. Delphi believes that its established reserves reported under NP 2B were calculated on a conservative basis as its estimate of reserves that would ultimately be recovered. For comparison purposes, Delphi included established reserves from its December 31, 2002, reserve report as the December 31, 2003, opening balances under the proved plus probable reserves category reconciled on a company interest basis. Similarly, Delphi has included 50 percent of probable reserves from the December 31, 2002, reserve report as the opening balances under the probable reserves category, again reconciled on a company interest basis.

The oil and gas reserves estimates are made using available geological and reservoir data as well as historical production data. Estimates are reviewed and revised as appropriate. Revisions occur as a result of changes in prices, costs, fiscal regimes, reservoir performance or a change in the Company's plans. The effect of changes in proved oil and gas reserves on the financial results and position of the Company is described under the heading "full cost accounting for oil and gas activities."

Full Cost Accounting For Oil and Gas Activities

(A) DEPLETION EXPENSE

The Company uses the full cost method of accounting for exploration and development activities. In accordance with this method of accounting, all costs associated with exploration and development are capitalized whether successful or not. The aggregate of net capitalized costs and estimated future development costs less estimated salvage values is amortized using the unit-of-production method based on estimated proved oil and gas reserves.

An increase in estimated proved oil and gas reserves would result in a corresponding reduction in depletion expense. A decrease in estimated future development costs would result in a corresponding reduction in depletion expense.

(B) WITHHELD COSTS

Certain costs related to unproved properties may be excluded from costs subject to depletion until proved reserves have been determined or their value is impaired. These properties are reviewed quarterly and any impairment is transferred to the costs being depleted or, if the properties are located in a cost centre where there is no reserve base, the impairment is charged directly to earnings.

(C) FULL COST ACCOUNTING CEILING TEST

The carrying value of property, plant and equipment is reviewed at least annually for impairment. Impairment occurs when the carrying value of the assets is not recoverable based on estimated future undiscounted cash flows. The cost recovery ceiling test is based on estimates of proved reserves, production rate, petroleum and natural gas prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements could be material. Any impairment would be charged as additional depletion and depreciation expense.

(D) IMPAIRMENT OF LONG-LIVED ASSETS

The Company is required to review the carrying value of all property, plant and equipment, including the carrying value of oil and gas assets, for potential impairment. Impairment is indicated if the carrying value of the long-lived asset or oil and gas cost centre is not recoverable based on estimated future undiscounted cash flows. If impairment is indicated, the amount by which the carrying value exceeds the estimated fair value of the long-lived asset is charged to earnings.

Asset Retirement Obligations

Effective January 1, 2004, the Company will change its accounting policy with respect to accounting for asset retirement obligations. The Company, under the current policy, is required to provide for future removal and site restoration costs. The Company must estimate these costs in accordance with existing laws, contracts or other policies. These estimated costs are charged to earnings and the appropriate liability account over the expected service life of the asset. When the future removal and site restoration costs cannot be reasonably determined, a contingent liability may exist. Contingent liabilities are charged to earnings when management is able to determine the amount and the likelihood of the future obligation.

Income Tax Accounting

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded by management.

Business Combinations

Over recent years Delphi has grown considerably through combining with other businesses. Delphi acquired Rise, Murias and Fish Creek in 2003. These transactions were accounted for using what is now the only accounting method available, the purchase method. Under the purchase method, the acquiring company includes the estimated fair value of the net assets of the acquired entity on its balance sheet. The determination of fair value necessarily involves many assumptions. The valuation of oil and gas properties primarily relies on placing a value on the oil and gas reserves. The valuation of oil and gas reserves entails the process described above under the caption "proved oil and gas reserves," and incorporates the use of economic forecasts that estimate future changes in prices and costs. In addition, this methodology is used to value unproved oil and gas reserves. The valuation of these reserves, by its nature, is less certain than the valuation of proved reserves.

Goodwill

The process of accounting for the purchase of a company, described above, results in recognizing the fair value of the acquired Company's net assets on the balance sheet of the acquiring company. Any excess of the cost of the purchase over fair value is recorded as goodwill. Since goodwill results from the culmination of a process that is inherently imprecise the determination of goodwill is also imprecise. In accordance with the recent issuance of CICA section 3062, "Goodwill and Other Intangible Assets," goodwill is no longer amortized but assessed periodically for impairment. The process of assessing goodwill for impairment necessarily requires Delphi to determine the fair value of its assets and liabilities. Such a process involves considerable judgment.

Legal, Environmental Remediation and Other Contingent Matters

The Company is required to both determine whether a loss is probable based on judgment and interpretation of laws and regulations and determine whether the loss can reasonably be estimated. When a loss is determined it is charged to earnings. The Company's management must continually monitor known and potential contingent matters and make appropriate provisions by charges to earnings when warranted by circumstance.

New Accounting Standards

STOCK BASED COMPENSATION PLANS

In September 2003, the CICA issued an amendment to Section 3870 "Stock Based Compensation and Other Stock Based Payments". This standard provides for the retroactive adoption of fair value accounting effective January 1, 2004. After January 1, 2004, the fair value of stock based compensation and other transactions will be recognized as an expense in the financial statements.

OIL AND GAS FULL COST ACCOUNTING

In July 2003, the AcSB issued Accounting Guideline 16, "Oil and Gas Accounting – Full Cost," replacing AcG-5.

The new standards (i) prescribe the recognition of impairment only if the carrying amount of a long-lived asset is not recoverable based on its estimated undiscounted cash flows, and (ii) measure the impairment amount as the difference between the carrying amount and its fair value.

CONTINOUS DISCLOSURE OBLIGATIONS

Effective March 31, 2004, the Company and all reporting issuers in Canada will be subject to new disclosure requirements as per National Instrument 51-102 "Continuous Disclosure Obligations." This new instrument is effective for fiscal years beginning on or after January 1, 2004. The instrument proposes shorter reporting periods for filing of annual and interim financial statements, MD&A and the Annual Information Form ("AIF"). The instrument also proposes enhanced disclosure in the annual and interim financial statements, MD&A and AIF. Under this new instrument, it will no longer be mandatory for the Company to mail annual and interim financial statements and MD&A to shareholders, but rather these documents will be provided on an "as requested" basis. It is Delphi's intention to make these documents available on the Company's website on a continuous basis.

HEDGING TRANSACTIONS

The CICA issued Accounting Guideline 13, "Hedging Relationships," which will be effective for fiscal years beginning on or after July 1, 2003. This guideline addresses the identification, designation, documentation and effectivness of hedging transactions for the purposes of applying hedge accounting. It also establishes conditions for applying or discontinuing hedge accounting. Under the new guidelines, hedging transactions must be documented and it must be demonstrated that the hedges are sufficiently effective in order to continue accrual accounting for positions hedged with deriviatives. Delphi does not anticipate applying hedge accounting to its hedging relationships.

ASSET RETIREMENT OBLIGATIONS

In March 2003, the CICA issued new section 3110, "Asset Retirement Obligations" ("ARO"). The new standard is effective for fiscal years beginning on or after January 1, 2004. The ARO standard requires companies to recognize the liability associated with future site reclamation costs in the financial statements at the time when the libiltiy is incurred. ARO obligations are initially measured at fair value and subsequently adjusted for the accretion of discount and any changes to the estimated underlying cash flows. The asset retirement cost is to be capitalized as part of property, plant and equipment costs and amortized over time. This section comes into effect for Delphi in 2004. Delphi is currently evaluating the effect of this standard on its financial statements.

Selected Quarterly Information

	2003				2002			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Production								
Oil and NGLs (bbl/d)	**520**	**282**	**28**	**27**	43	42	45	48
Natural gas (mcf/d)	**5,648**	**5,779**	**5,049**	**3,824**	1,131	601	816	705
Barrels of oil equivalent (boe/d)	**1,461**	**1,245**	**869**	**664**	232	142	183	166
Financial ($000s, except as noted)								
Petroleum and natural gas revenue	**4,330**	**3,723**	**3,104**	**2,549**	700	368	454	385
Cash flow	**1,924**	**1,441**	**1,741**	**1,560**	443	207	(17)	137
Per share basic	**0.08**	**0.06**	**0.08**	**0.06**	0.04	0.02	–	0.01
Per share diluted	**0.08**	**0.06**	**0.07**	**0.06**	0.04	0.02	–	0.01
Net earnings (loss)	**217**	**(283)**	**758**	**586**	87	(78)	(300)	(2,960)
Per share basic and diluted	**0.01**	**(0.01)**	**0.03**	**0.03**	0.01	(0.01)	(0.03)	0.01
Capital costs	**7,320**	**5,029**	**8,351**	**6,880**	9,244	332	(224)	6,559
Per unit information								
Natural gas ($/mcf)	**5.81**	**5.82**	**6.56**	**7.10**	5.77	3.41	4.15	3.86
Oil and NGLs ($/bbl)	**27.39**	**24.23**	**35.52**	**43.03**	25.05	46.35	35.75	32.23
Oil equivalent ($/boe)	**32.21**	**32.51**	**39.23**	**42.63**	32.84	28.13	27.59	25.82
Operating netback ($/boe)	**18.00**	**16.35**	**23.78**	**27.37**	20.06	24.56	8.48	16.45

The fourth quarter of 2003 reflects the impact of acquisitions that closed in the third and fourth quarters, adding production that contributed, along with drilling success, to improvements in all financial results. Prices were similar through the third and fourth quarters and lower than the record high levels averaged in the first two quarters, although remaining at profitable levels. With the effect of drilling and acquisitions occurring at the end of the fourth quarter, Delphi's production averages in 2003 do not reflect the productive capability which was evident by average production early in 2004 of 1,650 boe/d. As in all quarters of 2003, the fourth quarter reflects capital investment in both acquisition and field operations.

auditors' report

We have audited the consolidated balance sheets of Delphi Energy Corp. as at December 31, 2003 and 2002, and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

CHARTERED ACCOUNTANTS
Calgary, Canada
March 31, 2004

management's report

The financial statements of Delphi Energy Corp. were prepared by management in accordance with Canadian generally accepted accounting principles. The financial and operating information presented in this annual report is consistent with that shown in the financial statements. Management has designed and maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to facilitate the preparation of financial statements for reporting purposes. Timely release of financial information sometimes necessitates the use of estimates when transactions affecting the current accounting period cannot be finalized until future periods. Such estimates are based on careful judgments made by management. External auditors appointed by the shareholders have conducted an independent examination of the Company's accounting records in order to express their opinion on the financial statements. The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial and internal control. The Board exercises this responsibility through its Audit Committee. The Audit Committee, which consists of non-management members, has met with the external auditors and management in order to determine that management has fulfilled its responsibilities in the preparation of the financial statements. The Audit Committee has reported its findings to the Board of Directors who have approved the financial statements.

David J. Reid

DAVID J. REID
President and
Chief Executive Officer

BRENDA F. MAWINNEY
Vice President Finance and
Chief Financial Officer

Calgary, Canada
March 31, 2004

consolidated balance sheets

Year ended December 31	2003	2002
Assets		
Current assets:		
Cash	$ –	$ 1,595,103
Accounts receivable	4,610,458	851,282
Prepaid expenses	658,807	39,982
	5,269,265	2,486,367
Property, plant and equipment (Note 4)	42,468,559	19,097,949
Goodwill (Note 3)	783,500	–
	48,521,324	21,584,316
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 6,951,227	$ 1,734,227
Bank indebtedness (Note 5)	9,005,620	–
	15,956,847	1,734,227
Future income tax liability (Note 6)	4,007,233	1,076,312
Future abandonment and restoration costs	768,109	17,280
Shareholders' equity:		
Share capital (Note 7)	29,802,427	22,046,966
Deficit	(2,013,292)	(3,290,469)
	27,789,135	18,756,497
	48,521,324	21,584,316

David Reid

DAVID J. REID
Director

H.R. Lawrie

HENRY R. LAWRIE
Director

consolidated statements of earnings (loss) and deficit

Year ended December 31	2003	2002
Revenue:		
Petroleum and natural gas sales	$ 13,705,346	$ 1,907,797
Royalties (net of Alberta Royalty Tax Credit)	(2,821,589)	(440,308)
	10,883,757	1,467,489
Expenses:		
Operating	3,072,611	333,554
General and administrative	768,972	402,066
Interest (income)	270,545	(59,811)
Depletion and depreciation	4,593,595	1,366,964
Impairment of capital assets (Note 4)	–	4,879,749
	8,705,723	6,922,522
Earnings (loss) before taxes	2,178,034	(5,455,033)
Taxes:		
Current taxes	105,879	21,500
Future income taxes (reduction) (Note 6)	794,978	(2,226,194)
	900,857	(2,204,694)
Net earnings (loss)	1,277,177	(3,250,339)
Deficit, beginning of year	(3,290,469)	(40,130)
Deficit, end of year	(2,013,292)	(3,290,469)
Net earnings (loss) per Common Share: (Note 7(e))		
Basic and diluted	0.06	(0.31)

consolidated statements of cash flows

Year ended December 31	2003	2002
Cash provided by (used in):		
Operations:		
Net earnings (loss)	$ 1,277,177	$ (3,250,339)
Add non-cash items:		
Depletion and depreciation	4,593,595	1,366,964
Impairment of capital asset	–	4,879,749
Future income taxes (reduction)	794,978	(2,226,194)
Funds from operations	6,665,750	770,180
Site restoration expenditures	(5,778)	–
Change in non-cash working capital	(591,137)	(200,710)
	6,068,835	569,470
Financing:		
Issue of shares, net of share issue costs	3,896,775	9,316,103
Increase in bank indebtedness	6,540,620	–
	10,437,395	9,316,103
Investing:		
Property, plant and equipment additions	(15,206,888)	(15,911,347)
Cash paid for business acquisitions (Note 3)	(2,953,260)	–
Change in non-cash working capital	58,815	345,447
	(18,101,333)	(15,565,900)
Decrease in cash	1,595,103	5,680,327
Cash, beginning of year	1,595,103	7,275,430
Cash, end of year	–	1,595,103
Cash interest paid (received)	270,545	(59,811)
Cash taxes paid	31,398	–

notes to the consolidated financial statements

Years ended December 31, 2003 and 2002

The consolidated financial statements of Delphi Energy Corp. ("Delphi" or the "Company") have been prepared by management in accordance with accounting principles generally accepted in Canada. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results may differ from these estimates.

1: Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Murias Energy Corporation and Fish Creek Resources Inc., from the dates of acquisition. The consolidated financial statements are stated in Canadian dollars.

2: Significant Accounting Policies

(A) PETROLEUM AND NATURAL GAS OPERATIONS

The Company follows the full cost method of accounting whereby all costs associated with the acquisition of, exploration for, and development of, petroleum and natural gas reserves are capitalized. Such costs include land acquisition costs, geological and geophysical costs, lease rental costs on undeveloped properties, drilling both productive and unproductive wells, production equipment and overhead charges directly related to these activities. Proceeds received from disposal of petroleum and natural gas properties are credited to capitalized costs unless the rate of depletion and depreciation would be altered by more than 20 percent, in which case, a gain or loss on disposal is recorded.

(i) Ceiling test

The Company places a limit on the aggregate cost of capital assets which may be carried forward for depletion against net revenues of future periods (the "ceiling test"). The ceiling test is a cost recovery test whereby capitalized costs less accumulated depletion and depreciation, and accumulated provision for abandonment and restoration costs, and future income taxes, are limited to an amount equal to estimated undiscounted future net revenues from proved reserves, less estimated future general and administrative expenses, abandonment and restoration costs, future financing costs and applicable income taxes. Costs and prices at the balance sheet date are used. Any costs carried on the balance sheet in excess of the ceiling test limitation are charged to income.

(ii) Abandonment and reclamation provision

A provision for estimated future abandonment and restoration costs for petroleum and natural gas properties is provided using the unit-of-production method. Costs are based on the Company's engineering estimates considering current regulations, costs, technology and industry standards. The provision is included in depletion and depreciation expense and actual site restoration costs are charged to the accumulated provision as incurred.

(iii) Depletion and depreciation

All capitalized costs and future development costs of proved reserves, less the costs of undeveloped properties, are depleted and depreciated using the unit-of-production method based on total net proved reserves as determined annually by independent engineers and updated by management during interim periods. Depreciation and amortization of head office furniture and equipment is provided for at rates ranging from 10 percent to 30 percent.

Costs of undeveloped properties are initially excluded from petroleum and natural gas properties for the purpose of calculating depletion. These undeveloped properties are assessed periodically to ascertain whether impairment has occurred. When proved reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of the impairment is added to costs subject to depletion and depreciation.

(B) FUTURE INCOME TAXES

The Company follows the tax liability method of accounting for income taxes. Under this method, estimated future income tax liabilities and assets are recognized based on the tax effects of differences between net costs of assets reported in the financial statements and their respective tax bases, using enacted or substantively enacted income tax rates. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs.

(C) PER SHARE INFORMATION

Per share amounts are calculated on the basis of the weighted average number of common shares outstanding during the fiscal year. Diluted per share information reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. Diluted per share information is calculated using the treasury stock method that assumes any proceeds received by the Company upon the exercise of stock options would be used to buy common shares at the average market price for the period.

(D) FLOW-THROUGH SHARES

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. To recognize the foregone tax benefits to the Company, the future income tax liability and share capital are adjusted by the estimated cost of the renounced tax deduction on the effective date of renouncement.

(E) JOINT VENTURE ACCOUNTING

Substantially all of the Company's exploration, development and production activities are conducted jointly with others and the financial statements reflect the Company's proportionate interest in such activities.

(F) STOCK BASED COMPENSATION

No compensation expense is recognized in the financial statements for share options granted to employees or directors when the options are issued at market value. Consideration paid by directors, officers and employees on the exercise of stock options under the stock option plan is recorded as share capital.

(G) FINANCIAL INSTRUMENTS

The Company uses financial instruments to manage its exposure to fluctuations in commodity prices. The Company does not use financial instruments for speculative trading purposes and, accordingly, they are accounted for as hedges. Gains and losses on hedging activities are reflected in revenue at the time of sale of the related hedged production.

(H) MEASUREMENT UNCERTAINTY

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Company's best information and judgment. Such amounts are not expected to change materially in the near term. They include the amounts for depletion and depreciation and future abandonment and restoration costs which depend on estimates of oil and gas reserves and the economic lives and future cash flows from related assets.

(I) GOODWILL

Goodwill is measured for impairment on an annual basis. If indications of impairment are present, a loss would be charged to earnings for the amount that the carrying value of goodwill exceeds its fair value.

3: Corporate Acquisitions

DT Energy Ltd. ("DT"), a private company engaged in oil and gas exploration and development, merged with Rise Energy Ltd. ("Rise"), a public company engaged in oil and gas exploration and development, effective June 19, 2003, and continued as Delphi, a public company. Reference should be made to the Arrangement Agreement, dated March 18, 2003, and Amended Arrangement Agreement, dated April 30, 2003. Following completion of the arrangement, previous shareholders and special warrant holders of DT held approximately 87.5 percent of the common shares of the Company. Accordingly, the combination has been treated as a reverse take-over of Rise by DT. This transaction was accounted for using the purchase method with the results of operations included from the date of acquisition.

The following table shows the cost of the purchase as at June 19, 2003.

Allocated:	
Property and equipment	$ 6,977,770
Working capital deficiency	(1,668,449)
Revolving production loan	(1,725,000)
Future abandonment and restoration costs	(236,999)
Future income taxes	(383,045)
	2,964,277
Purchase price:	
Share consideration (20,067,920 shares)	$ 2,720,705
Warrant consideration (146,250 warrants)	49,831
Acquisition costs	193,741
	2,964,277

On September 15, 2003, the Company acquired all of the issued and outstanding shares of Murias Energy Corporation, ("Murias"), a private company involved in the exploration, development and production of oil and natural gas. The consideration paid was $1,300,000 cash and the issuance of 358,000 common shares of the Company. The value of the transaction, based on an adjusted average of closing prices of the Company of $1.54, was $1,880,962. The transaction was accounted for using the purchase method. The consolidated accounts of the Company include the results of Murias from the closing date, September 15, 2003.

On October 31, 2003, the Company acquired all of the issued and outstanding shares of Fish Creek Resources Inc., ("Fish Creek"), a private company involved in the exploration, development and production of oil and natural gas. The consideration paid was $1,455,000 cash and the issuance of 540,540 common shares of the Company. The value of the transaction, based on an adjusted average of closing prices of the Company of $1.76, was $2,404,999. The transaction was accounted for using the purchase method. The consolidated accounts of the Company include the results of Fish Creek from the closing date, October 31, 2003.

	Murias	Fish Creek
Allocated:		
Cash	$ 9,714	$ 15,767
Working capital	128,301	168,827
Capital assets	2,422,877	2,638,000
Goodwill	–	783,500
Operating loan	(200,000)	(540,000)
Future income tax liability	(449,930)	(596,068)
Future abandonment and restoration costs	(30,000)	(65,027)
	1,880,962	2,404,999
Purchase price:		
Cash	$ 1,300,000	$ 1,455,000
Shares issued	550,962	949,999
Transaction costs	30,000	–
	1,880,962	2,404,999

4: Property, Plant and Equipment

December 31, 2003	Cost	Accumulated depletion and depreciation	Net book value
Petroleum and natural gas properties	**$ 42,921,945**	**$ 9,925,289**	**$ 32,996,656**
Production equipment	**9,871,430**	**571,737**	**9,299,693**
Furniture, fixtures and office equipment	**312,792**	**140,582**	**172,210**
	53,106,167	**10,637,608**	**42,468,559**
December 31, 2002			
Petroleum and natural gas properties	$ 21,424,211	$ 6,222,552	$ 15,201,659
Production equipment	4,015,752	154,932	3,860,820
Furniture, fixtures and office equipment	86,052	50,582	35,470
	25,526,015	6,428,066	19,097,949

As at December 31, 2003, undeveloped properties with capitalized costs of $6.5 million (December 31, 2002 – $670,000) were not subject to depletion. Also at December 31, 2003, the Company had provided for $768,000 (2002 – $17,000) of approximately $8,712,000 (2002 – $393,000) in future undiscounted abandonment and restoration costs. This estimate is subject to change based on amendments to environmental laws and as new information relating to operations becomes available.

During the year, the Company capitalized $301,725 (2002 – $nil), of general and administrative costs directly related to exploration and development activities.

The Company performed a ceiling test using commodity prices of $5.90/mcf for natural gas and $28.25/bbl for crude oil at December 31, 2003, which resulted in a ceiling test surplus.

The Company recorded a ceiling test write-down of $4,879,749 for the year ended December 31, 2002. A ceiling test calculation as at March 31, 2002, indicated that the net book value of the Company's petroleum and natural gas properties exceeded the estimated future net revenues from proved reserves. The prices used in the ceiling test were based on prices at March 31, 2002, being $4.67/mcf for natural gas and $33.19/bbl for crude oil.

5: Bank Indebtedness

At December 31, 2003, the Company had drawn $9.0 million (2002 – nil) on its banking facility. The Company has a financing commitment with a Canadian chartered bank for a demand loan credit facility. Subsequent to December 31, 2003, the credit facility was increased to $16.0 million. The facility bears interest at bank prime rate plus 0.25 percent payable monthly and is secured by a $35.0 million demand floating charge debenture and a general security agreement. The borrowing base is subject to a semi-annual review by the lender.

6: Income Taxes

(A) EXPECTED TAX RATE

The provision for income taxes in the financial statements differs from the result that would have been obtained by applying the combined federal and provincial tax rates to the Company's net earnings before income taxes.

The difference results from the following items:

Year ended December 31	2003	2002
Earnings (loss) before income taxes	$ 2,178,034	$ (5,455,033)
Statutory tax rate	40.6%	42.1%
Expected income tax expense (reduction)	884,717	(2,296,568)
Crown charges	957,622	182,533
Resource allowance	(738,488)	(31,175)
Alberta royalty tax credit	(54,040)	(57,169)
Rate reduction	(213,202)	–
Other	(2,171)	(23,815)
Large corporations tax	66,419	21,500
Total income taxes	900,857	(2,204,694)

(B) FUTURE TAX LIABILITY

The tax effect of temporary differences that give rise to significant portions of the future tax assets and liabilities at December 31, 2003 and 2002, are presented below:

December 31	2003	2002
Future income tax assets:		
Future site restoration	$ 263,261	$ –
Security issue costs	492,544	424,835
Non capital losses	132,379	250,453
Future income tax liabilities:		
Capital assets	(4,895,417)	(1,751,600)
Net future income tax liability	(4,007,233)	(1,076,312)

Non-capital losses carried forward of $334,000 expire at various times from 2004 to 2010.

7: Share Capital

(A) AUTHORIZED

An unlimited number of voting common shares.
An unlimited number of preferred shares issuable in series.

(B) ISSUED

Common shares/warrants:

	Number of shares/warrants	Amount
Class A common shares:		
Balance, December 31, 2001	9,244,560	$ 13,868,795
Issue of common shares	6,218,737	6,613,162
Issue of flow-through special warrants	2,768,623	3,257,203
Share issue costs, net of future tax effect of $233,350	–	(320,926)
Tax effect of flow-through special warrants	–	(1,371,268)
Balance, December 31, 2002	18,231,920	22,046,966
Issued for cash pursuant to a private placement	1,836,000	1,800,000
Issued to DT shareholders with respect to the reverse take-over of Rise	20,067,920	
Common shares of Rise at date of acquisition	2,861,714	2,720,705
Issue of common shares with respect to the acquisition of Murias	358,000	550,962
Issue of common shares with respect to the acquisition of Fish Creek	540,540	949,999
Issue of common shares with respect to asset acquisitions	153,554	294,089
Issue of flow-through common shares for cash	1,136,364	2,500,000
Tax benefit renounced to shareholders		(932,079)
Exercise of stock options for cash	100,000	145,000
Share issue costs, net of future tax effect of $225,179		(323,046)
Balance, December 31, 2003	25,218,092	29,752,596
Warrants:		
Outstanding as at December 31, 2002	146,250	49,831
Balance, December 31, 2003		$ 29,802,427

(C) STOCK BASED COMPENSATION

The Company has established a stock option plan (the "Plan") under which it has granted options to acquire common shares to certain officers, directors and employees. The Plan provides for the granting of up to 10 percent of the issued and outstanding common shares of the Company. Options issued under the Plan have a term of five years to expiry and vest equally over a three year period starting on the date of the grant. The exercise price of each option equals the market price of the Company's common shares on the date of the grant. As of December 31, 2003, there were 2,292,000 common shares reserved for issuance to eligible participants of the Plan.

On December 31, 2003, 1,851,750 options were outstanding with an exercise price between $0.99 and $1.61, and a weighted average remaining contractual life of 4.01 years.

The following table sets forth a reconciliation of the Plan activity to December 31, 2003.

	Number of options	Weighted average exercise price
Balance, December 31, 2002	–	$ –
Granted	1,951,750	1.39
Exercised	(100,000)	1.45
Balance, December 31, 2003	1,851,750	1.38

As at December 31, 2003, 695,583 options under the Plan had vested.

Subsequent to December 31, 2003, options to purchase 50,000 common shares were granted at an exercise price of $1.75 and 175,417 options at an average exercise price of $1.45 were cancelled.

(D) PRO-FORMA DISCLOSURE

The Company has calculated its stock based compensation expense using the Black-Scholes option pricing model to estimate the fair value of stock options issued at the date of the grant. Canadian generally accepted accounting principles require disclosure of the effect on net earnings had the fair value method been used for stock options issued on or after January 1, 2002. The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 2003: zero dividend yield, expected volatility of 50 percent, risk-free rates of 3.5 percent and expected life of five years. The weighted average fair value of stock options granted during the year was $0.66 per share. Had compensation cost for the Company's stock options been determined based on the fair value at the grant date, the Company's net earnings and net earnings per share for the year ended December 31, 2003 and 2002, would have been the pro-forma amounts shown below:

	2003	2002
Net earnings		
As reported	**$ 1,277,177**	$ (3,250,339)
Pro-forma	**608,891**	(3,250,339)
Net earnings per common share – basic and diluted		
As reported	**0.06**	(0.31)
Pro-forma	**0.03**	(0.31)

(E) WEIGHTED AVERAGE NUMBER OF SHARES

The weighted average number of common shares issued and outstanding used in calculating earnings per share for the years ended December 31, 2003 and 2002, after giving effect to the reverse take-over of Rise (Note 3) are as follows:

	2003	2002
Weighted average shares outstanding		
Basic	**21,711,134**	10,649,822
Diluted	**21,897,573**	10,649,822

(F) FLOW-THROUGH SHARE EXPENDITURES

Pursuant to the December 18, 2003, flow-through share offering, the Company renounced $2.5 million of qualifying expenditures effective December 31, 2003. The qualifying expenditures will be made during 2004.

8: Financial Instruments

(A) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's exposure under its financial instruments is limited to financial assets and liabilities, all of which are included in these financial statements. The fair values of financial assets and liabilities that are included in the balance sheet approximate their carrying amounts due to the short-term maturity of those instruments.

(B) CREDIT RISK

Substantially all of the Company's accounts receivable are with customers and joint venture partners in the oil and gas industry and are subject to normal industry credit risks.

(C) FOREIGN CURRENCY EXCHANGE RISK

The Company is exposed to foreign currency fluctuations as crude oil and natural gas prices are referenced to U.S. dollar denominated prices.

(D) COMMODITY PRICE RISK MANAGEMENT

The Company has a price risk management program whereby the commodity price associated with a portion of its future production is fixed. The Company sells forward a portion of its future production through a combination of fixed price sale contracts with customers and commodity swap agreements with financial counterparties. The forward and futures contracts are subject to market risk from fluctuating commodity prices and exchange rates; gains and losses on the contracts are offset by changes in the value of the Company's production and recognized in income in the same period and category as the hedged item.

At December 31, 2003 the Company had the following physical gas sales contracts outstanding:

Year	Time period	Commodity	Type of contract	Quantity contracted	Price
2004	November 2003 – March 2004	Natural gas	Costless collar	1,000 GJ/d	$6.00 floor/$7.00 ceiling
2004	January 2004 – March 2004	Natural gas	Costless collar	2,000 GJ/d	$7.00 floor/$8.00 ceiling
2004	March 2004	Natural gas	Fixed price	2,000 GJ/d	$7.00 fixed
2004	April 2004 – October 2004	Natural gas	Fixed price	1,000 GJ/d	$5.19 fixed

corporate information

Directors

DAVID J. REID
President and Chief Executive Officer
Delphi Energy Corp.

TONY ANGELIDIS
Vice President Exploration
Delphi Energy Corp.

HARRY S. CAMPBELL, Q.C.[2]
Partner
Burnet, Duckworth & Palmer LLP

HENRY R. LAWRIE[1]
Former Chief Accountant,
Alberta Securities Commission

ROBERT A. LEHODEY[1],[2]
Partner,
Bennett Jones LLP

LAMONT C. TOLLEY[1]
Independent Businessman

(1) Member of the Audit and Reserves Committee
(2) Member of the Compensation Committee

Officers

DAVID J. REID
President and Chief Executive Officer

TONY ANGELIDIS
Vice President Exploration

TIM L. MALO
Vice President Land and Corporate Secretary

BRENDA F. MAWHINNEY
Vice President Finance and Chief Financial Officer

Corporate Office

1500, 444 – 5 Avenue S.W.
Calgary, Alberta T2P 2T8
Telephone: (403) 265-6171
Facsimile: (403) 265-6207
Email: info@delphienergy.ca
Website: www.delphienergy.ca

Auditors

KPMG LLP

Bankers

National Bank of Canada

Legal Counsel

Bennett Jones LLP

Independent Engineers

Gilbert Laustsen Jung Associates Ltd.

Transfer Agent

CIBC Mellon Trust

Stock Exchange Listing

TSX Venture Exchange
Stock Symbol: DEE

Annual General Meeting of Shareholders

Delphi Energy Corp.'s annual meeting of shareholders will be held Thursday, May 20, 2004, at 3:00p.m. Mountain Daylight Time in the Cardium Room of the Calgary Petroleum Club, Calgary, Alberta. All shareholders are invited to attend.

Important Dates

First Quarter 2004 Earnings Release
Thursday, May 6, 2004

Annual and Special Meeting of Shareholders
Thursday, May 20, 2004

Second Quarter 2004 Earnings Release
Wednesday, August 4, 2004

Third Quarter 2004 Earnings Release
Wednesday, November 3, 2004

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
GJ	gigajoules

CONVERSIONS

To convert from	To	Multiply by
mcf	cubic metres	28.174
cubic metres	cubic feet	35.494
bbls	cubic metres	0.159
cubic metres	bbls	6.289
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

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Delphi Energy Corp.
1500, 444 – 5 Avenue S.W. Calgary, Alberta T2P 2T8
Telephone: (403) 265-6171 Facsimile: (403) 265-6207
Website: www.delphienergy.ca
Email: info@delphienergy.ca