



Delphi Energy Corp.

ANNUAL INFORMATION FORM
For the year ended December 31, 2011

March 30, 2012

TABLE OF CONTENTS

	Page
Introductory Information	1
Forward-Looking Information	1
Corporate Structure.....	3
Name, Address and Incorporation.....	3
Inter-corporate Relationships	3
General Development and description of the Business.....	3
Three Year History.....	3
Significant Acquisition	4
Narrative Description of the Business	5
General	5
Oil and Gas Activities	9
Dividends	19
Description of Capital Structure	19
Market for Securities.....	19
Directors and Officers.....	20
Name, Occupation and Security Holdings	20
Cease Trade Orders, Bankruptcies, Penalties and Sanctions	22
Conflicts of Interest.....	22
Audit Committee.....	22
Audit Committee Composition	22
Education and Experience.....	22
Reliance on Exemptions.....	22
Pre-Approval Policies and Procedures.....	23
External Auditors Service Fees.....	23
Risk Factors	23
Legal Proceedings and Regulatory Actions	23
Interest of Management and Others in Material Transactions	29
Transfer Agent and Registrar.....	29
Material Contracts.....	29
Interests of Experts	29
Additional Information	29
Appendix A–Report on Reserves Data by Independent Qualified Reserves Evaluator	A-1
Appendix B–Report of Management and Directors on Reserves Data and Other Information.....	B-1
Appendix C–Abbreviations, Equivalencies and Definitions	C-1
Appendix D–Audit & Reserves Committee Mandate.....	D-1

INTRODUCTORY INFORMATION

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

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

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

FORWARD-LOOKING INFORMATION

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

- *Business prospects and strategy;*
- *Planned capital expenditures;*
- *Expected results from the Corporation’s portfolio of oil and gas assets;*
- *Planned drilling, exploration and development;*
- *Future net cash flows and discounted cash flows; and*
- *Expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance (financial or otherwise).*

The forward-looking statements contained in this AIF are based on certain assumptions, including expectations and assumptions relating to prevailing commodity prices and exchange rates, applicable royalty rates and tax laws, future well production rates, the performance of existing wells, the success of drilling new wells, the capital availability to undertake planned activities and the availability and cost of labour and services.

Readers are cautioned not to place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by Delphi and actual results may vary materially from such forecasts, predictions and projections. By its nature, Delphi's forward-looking information involves numerous risks, including those discussed under the heading “Risk Factors”, and uncertainties including, but not limited to, the following factors: general global economic and business conditions including the effect, if any, of a potential economic slowdown in the U.S. and/or Canada; changes in business strategies; the availability and price of energy commodities from the perspective of both a producer and a user of such commodities; the effects of competition and pricing pressures; industry overcapacity; shifts in market demands; changes in laws and regulations, including environmental and regulatory laws such as the imposition of restrictions in response to environmental concerns with respect to the production of oil and gas; potential increases in maintenance and operating costs; uncertainties of litigation; labour disputes; timing of completion of

capital or maintenance projects; currency and interest rate fluctuations; various events which could disrupt operations, including severe weather conditions; and technological changes. Statements relating to “reserves” or “resources” are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future. Readers are cautioned that the forgoing list of factors is not exhaustive. The forward-looking statements in this AIF are expressly qualified by this cautionary statement.

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

CORPORATE STRUCTURE

Name, Address and Incorporation

Delphi was formed on June 19, 2003 through the business combination ("Merger") of DT Energy Ltd. ("DTE") and Rise Energy Ltd. ("Rise"). The Merger was completed by way of a plan of arrangement, pursuant to which Rise acquired all of the common shares of DTE in consideration for common shares issued by Rise. Rise's name was changed to Delphi Energy Corp. and its board of directors and senior management positions were reconstituted. The two companies then amalgamated, resulting in Delphi being the only corporate entity at the time. Delphi is subject to the *Business Corporations Act (Alberta)* ("ABCA"). On January 1, 2004, the Corporation filed Articles of Amalgamation to complete a short-form amalgamation with two wholly-owned subsidiaries, Murias Energy Corporation ("Murias") and Fish Creek Resources Inc. ("Fish Creek"), which it had acquired in 2003. On February 1, 2005, the Corporation filed Articles of Amalgamation to complete a short-form amalgamation with its wholly-owned subsidiary, Tercero Energy Inc. ("Tercero") which it acquired in 2004. On November 30, 2009, a subsidiary of the Corporation amalgamated with Fairmount Energy Inc. ("Fairmount") with the resulting entity continuing under the name Fairmount Energy Inc. On December 31, 2009, the Corporation completed two additional amalgamations. The Corporation amalgamated first with Fairmount and subsequently with two wholly-owned subsidiaries which it acquired in connection with the acquisition of Fairmount, FMTSK Energy Inc and FMT Energy VI Inc.

DTE was incorporated on September 20, 2000 under the ABCA. On October 19, 2000, DTE filed Articles of Amendment to remove the restrictions of share transfers. On December 12, 2001, DTE filed Articles of Amendment to allow, subject to certain conditions, its Board to appoint directors between annual meetings, with such directors serving until the next annual meeting of shareholders.

Rise was incorporated under the ABCA on June 8, 1995 as "657334 Alberta Ltd." On November 14, 1995, the company amended its Articles of Incorporation by changing its name from 657334 Alberta Ltd. to "Rise Resources Ltd.". On December 23, 1996, Rise amended its articles by changing its share capital structure to authorize the issuance of an unlimited number of Class A, Class B, Class C, Class D, Class E and Class F shares of Rise with the rights, privileges and restrictions set out in the Articles of Amendment. On August 17, 2001, Rise amalgamated with Red Raven Resources Inc., a company incorporated under the ABCA on September 13, 1996. The common shares of Red Raven Resources Inc. traded on the Canadian Venture Exchange, as the company had previously completed its major transaction under the junior capital pool rules.

The Corporation has its registered office at 2500, 450 – 1st Street S.W., Calgary, Alberta T2P 5H1 and its head and principal office at Suite 300, 500 - 4th Avenue S.W., Calgary, Alberta, T2P 2V6.

Inter-corporate Relationships

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

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The three year history of the Corporation is as follows:

2009

Equity Financings

On September 30, 2009, the Corporation issued 13,200,000 common shares at a price of \$1.25 per share for gross proceeds of \$16.5 million.

On November 16, 2009, the Corporation issued 3,000,000 flow-through common shares at a price of \$2.12 per share for gross proceeds of \$6.36 million.

Property Acquisitions

In August 2009, the Corporation completed the acquisition of oil and natural gas properties, producing approximately 670 boe/d, in the Wapiti/Gold Creek areas of North West Alberta, for cash consideration of \$19.7 million. The acquisition was funded by the Corporation's credit facilities and the immediate disposition of 40 percent of the acquired working interests for cash proceeds of \$7.9 million. Net production acquired by the Corporation was approximately 400 boe/d.

In November 2009, the Corporation completed an asset exchange agreement with a joint venture partner in the Hythe area, resulting in an increased working interest on existing lands and the Goodfare gas processing plant in addition to a working interest in new lands and additional infrastructure. In exchange, the Corporation paid cash consideration of \$10.0 million and non-core assets in the Peace River Arch area of North West Alberta with related infrastructure.

Significant Acquisition

During the fourth quarter of 2009, the Corporation acquired all of the issued and outstanding common shares of Fairmount Energy Inc. ("Fairmount"), an oil and natural gas producer primarily focused in North West Alberta. Pursuant to a take-over bid, Delphi offered share consideration of 0.3571 of a common share of the Corporation for each issued and outstanding common share of Fairmount. Reference is made to Form 51-102F4 filed on SEDAR on December 21, 2009 under the heading "Business Acquisition Report".

2010

Equity Financings

On June 3, 2010, the Corporation issued 11,000,000 common shares at a price of \$2.75 per share for gross proceeds of \$30.3 million.

Appointment of Directors and Senior Officer

On March 16, 2010, Mr. Stephen W. C. Mulherin and Mr. David J. Sandmeyer joined the Board of Directors of the Corporation. On April 29, 2010, the Corporation appointed Mr. Michael K. Galvin as Vice President, Land.

2011

Equity Financings

On March 24, 2011, the Corporation issued 3,200,000 flow-through common shares at a price of \$2.80 per share for gross proceeds of \$9.0 million.

On December 23, 2011, the Corporation issued 10,005,000 common shares at a price of \$2.20 per share and 2,900,000 flow-through common shares at a price of \$2.75 per share for total gross proceeds of \$30.0 million.

Resignation of Senior Officer

On June 17, 2011, Mr. Michael S. Kaluza, Chief Operating Officer, resigned from the Corporation.

NARRATIVE DESCRIPTION OF THE BUSINESS

General

Delphi is a public corporation engaged in the acquisition for and exploration, development and production of crude oil, natural gas and natural gas liquids in western Canada. Delphi's operations are principally concentrated in North West Alberta at Hythe, Bigstone and Wapiti. Delphi's fundamental principles within its growth strategies continue to provide a competitive advantage:

- similar play-types within Delphi's Deep Basin core areas mitigate exploration and operational risks and drive down capital costs and maximize reserve additions;
- large contiguous land positions complete with ownership in strategic infrastructure in each of Delphi's core areas provide repeatable and scalable project inventory with capital and production cost structure advantages;
- robust revenue generating quality of Delphi's NGL production stream and inventory of high liquids content growth opportunities is a natural hedge against natural gas price weakness while maintaining significant exposure to a recovery in natural gas prices;
- Delphi maintains direct control over its core assets, operating over 90 percent of its production and 90 percent of its capital program;
- an active hedging program maintains a forward-looking 12 to 24 month hedge position and provides protection for a defined level of capital spending; and
- financial stability and strength is maintained through prudent capital to cash flow, debt to cash flow and debt to equity ratios.

The Corporation will evaluate both crude oil and natural gas opportunities. Delphi funds its capital program with cash flow from operations, debt financing and strategic use of new equity when appropriate.

Areas of Operations

Challenges from the lower natural gas price environment have been mitigated through the Corporation's continued focus on capitalizing the most profitable projects selected from a diverse inventory of opportunities that the Corporation has assembled. The Corporation's three core areas in the Deep Basin continue to provide proven and profitable development projects in today's economic environment while also affording continued resource growth for tomorrow.

The ability to direct the Corporation's attention to another liquids-rich play coupled with a large hydrocarbon resource providing years of repeatable drilling inventory has been a tremendous success story for the Montney at Bigstone. The Corporation completed drilling its first "extended reach"

horizontal Montney well at the end of 2011 and followed up with two (1.75 net) additional wells in early 2012. Completion tests have shown very favorable results with natural gas rates as high as 12.5 mmcf/d and free condensate production at the wellhead of between 50 and 170 barrels of natural gas liquids per million cubic feet of gas (“bbls/mmcf”). “Shallow cut” gas plant recoveries are estimated between 30 and 45 bbls/mmcf. All three (2.75 net) wells are expected to be on production in April and the Corporation looks forward to communicating production rates as they become available. Assuming continued development using extended reach horizontal wells, the Corporation’s inventory exceeds 75 net wells with an additional ten net single section laterals as mineral rights permit.

Delphi continues to utilize technologies that provide the most optimal development plan for the appropriate play types and will continue to foster the development of new technologies to maximize profitability and minimize the environmental footprint.

During 2011, Delphi continued to grow its land and infrastructure base, in the Deep Basin area of North West Alberta, with a goal of increasing the inventory of predictable, repeatable and scalable development opportunities that will provide years of economic growth.

In 2011, Delphi maintained its focus on value creation by generating strong field netbacks through a purposeful approach to increase liquids production and hence revenue per boe and lower the corporate operating cost structure to offset the impact of lower hedging gains and continued low natural gas commodity prices.

Directing project capital to liquids-rich and light oil opportunities has resulted in Delphi's corporate liquid volumes increasing to 29 percent of total production in 2011, up 57 percent by volume from 2010. This increase in liquid volumes has generated revenue per boe, excluding hedging gains, of \$38.00 in 2011 which is up eleven percent from 2010. Ownership and control of the infrastructure servicing the Corporation's production has facilitated efforts to reduce operating costs across all operating areas resulting in 2011 operating costs of \$6.84 per boe which is a reduction of eight percent from 2010. The combination of increased revenue and decreased operating costs, on a per boe basis, has resulted in a 2011 field operating netback, prior to hedging gains, of \$21.78 per boe, an increase of 15 percent over 2010 field operating netbacks. The ability to maintain strong field operating netbacks will be imperative to the Corporation's future growth and generation of solid operating and financial results during a period of low natural gas prices.

Production

In 2011, Delphi's net production increased ten percent to 8,870 boe/d from 8,086 boe/d in 2010. Crude oil and natural gas liquids increased 57 percent to 2,538 boe/d in 2011 while gas production decreased by two percent to 6,332 boe/d in 2011 emphasizing the Corporation’s continued shift in focus to the more profitable liquids-rich play types.

Reserves

In 2011, Delphi increased total proved reserves by ten percent to 25.1 million boe and total proved plus probable reserves by 16 percent to 40.2 million boe compared to 2010. The Corporation added 8.9 million boe of total proved plus probable reserves (net of revisions and dispositions) in 2011, replacing 2011 production by 2.75 times and achieved finding, development and acquisition costs (FD&A), including changes in future development costs, of \$12.37 per boe. Over the last three years the Corporation has achieved an average FD&A of \$12.37 per boe for total proved plus probable reserves.

The Corporation's shift to developing more oil and liquids rich plays resulted in proved developed producing oil and natural gas liquids reserves increasing 42 percent to 3.6 million boe; total proved oil and natural gas liquids reserves increased 27 percent to 5.9 million boe; and total proved plus probable oil and natural gas liquids reserves increased 34 percent to 9.2 million boe compared to 2010.

The Corporation's proved plus probable reserve life index ("RLI") increased to 12.4 years in 2011 compared to 11.7 years in 2010.

Drilling

During the year ending December 31, 2011, the Corporation drilled 30 wells (23.8 net) resulting in 21 gas wells (17.8 net) and nine oil wells (6.0 net) with an overall success rate of 100 percent. This drilling program consisted of 13 horizontal wells (10.0 net) and 17 vertical wells (13.8 net).

Play Types

The Corporation continues to pursue light oil drilling opportunities in the Doe Creek and Cardium formations through horizontal drilling and multistage fracing at Hythe and Bigstone, respectively. Multi-zone, liquids-rich, natural gas plays in the Cretaceous (Doe Creek, Dunvegan, Paddy, Falher, Bluesky, Gething and Cadomin) and Jurassic (Nikanassin) intervals utilizing vertical wells with multi-zone completions at all three of our major properties, Wapiti, Bigstone and Hythe, continue to be exploited.

Bigstone

Delphi has an average working interest of 80 percent in 51,700 acres of land in the Bigstone property. It is located 150 kilometres southeast of Grand Prairie and is the Corporation's third largest producing asset by volume, contributing 2,032 boe/d in 2011, of which 29 percent is crude oil and natural gas liquids.

2011 was a pivotal year at Bigstone. The Montney formation became a focal point for the future of the Corporation. Pervasive in aerial extent and overall thickness, the Montney contains vast amounts of hydrocarbons. Prior to any drilling, the Corporation increased its Montney land holdings by 14 net sections through Crown land sales, acquisitions and farm-in agreements to create a significant land position totaling 41.5 net sections of Montney rights.

In addition to the Montney program, significant opportunities for continued development of the Gething and Cardium formations remain while other emerging plays, including the Nordegg, Second White Specs and Dunvegan formations have very good potential as light oil resource plays.

Drilling

In 2011, the first extended reach Montney well was successfully drilled at 16-30-60-22W5 from a surface location at 1-19-60-22W5 in Bigstone East. Subsequent testing of the well exceeded the Corporation's expectations and substantiated a prolific liquids rich, resource play. At the conclusion of the clean-up test, the well averaged a flow rate of 12.5 mmcf/d of natural gas and approximately 770 bbls/d (62 bbls/mmcf) of free condensate over the final 24 hours. Although 100 percent of the frac fluid had not yet been recovered, the Corporation expects free condensate volumes to significantly compliment the estimated 30 to 35 bbls/mmcf of natural gas liquids to be recovered at the shallow-cut gas plant.

Drilling of the second Montney well at 9-4-60-24W5 from a surface location at 1-33-59-24W5 commenced in late 2011 at Bigstone West. Expecting a rich gas reservoir and completing the well as such (frac type, spacings, etc.) results were less from a gas rate point of view. However, initial test rates

indicate the Montney reservoir may be even more rich in liquids than the area in which the first 16-30 well was drilled at Bigstone East; perhaps even a light oil play. Liquid ratios over the final six days on test averaged approximately 170 bbls/mmcf. Similar to the 16-30 test, not all of the load fluid had been recovered but due to the consistent and relatively stable nature of the liquid ratio, the Corporation is extremely encouraged by the result and is busy developing plans and a different approach to tackle the oilier nature of this play.

The third Montney drill, at 4-2-60-23W5 from a surface location at 5-14-60-23W5, was drilled in the first quarter of 2012. The Corporation executed a record 3,005 metre horizontal length at this well. Initial test results are comparable to the first well drilled at 16-30. Test rates over the final 24 hours on clean-up flow were 10.3 mmcf/d with free condensate production of 50 bbls/mmcf. Based on flowing pressures, the Corporation considers this result to be comparable to the 16-30 well. Success at this location in conjunction with industry activity in the area has largely de-risked the remaining Montney rights the Corporation controls at Bigstone East.

In 2011, the Corporation continued development of the Cardium light oil play by drilling four horizontal wells (1.6 net) with a 100 percent success rate. The high quality, light oil that the Cardium produces at Bigstone, continues to help drive up netbacks and revenues as natural gas prices continue to be challenged.

In early 2012, the Corporation drilled its first horizontal into the Gething formation at 13-16-60-23W5 from a surface location at 3-16-60-23W5. The Corporation has actively drilled the Gething formation at Bigstone using vertical wells since acquiring the property in 2005. Technological advances in horizontal drilling and multistage fracturing enabled the Corporation to take a different approach to the Gething. Although the Gething reservoir is not typically "tight" as is the case in many resource style plays, the depositional environment of the Gething and its multiple stacked channels made the application of this technology very conducive. After a two day test, the well had cleaned-up to a rate of 13.8 mmcf/d and was still increasing when the well was shut-in to run production tubing. The well is expected to produce NGL yields of approximately 25 bbls/mmcf based on existing Gething production in the area.

Hythe

The Hythe property is located 60 kilometres northwest of Grand Prairie and is the Corporation's largest producing asset by volume, contributing 3,178 boe/d in 2011. The percent of crude oil and natural gas liquids production has climbed to 31% from 12% in 2009. Delphi has an average working interest of 68 percent in 174,200 acres of land.

The Corporation's Falher horizontal drilling program continued to focus on delineating the play over a broader area generating a multi-year inventory of predictable, repeatable and scalable development opportunities. With current mapping and well control, the Corporation has identified 68 Falher locations with net unrisked reserves of 270 Mboe's per well and initial (90 day average) production rates of 350 boe/d per well.

A strategy of drilling multi-zone vertical wells continues to provide the reservoir and production data necessary to further delineate pool extents and develop several other horizons that are predominant in the area.

Drilling

In 2011, the Corporation continued development of the Doe Creek light oil play by drilling five horizontal wells (4.4 net) with a 100 percent success rate. The Corporation also drilled four (4.0 net) horizontal Falher gas wells and one (1.0 net) vertical multi-zone gas well, with 100 percent success rate.

Wapiti

The Wapiti property is located south of Grand Prairie and is the Corporation's 2nd largest producing asset by volume, contributing 2,633 boe/d in 2011, of which 36 percent is natural gas liquids. Delphi has an average working interest of 59 percent in 67,000 acres of land.

Rich gas from the multi-zone Cretaceous and Jurassic intervals continue to offer significant value from the liquid volumes that are extracted and sold at premium prices. Wapiti continues to be a growth area with a significant, profitable drilling inventory of over 50 identified net locations. The Corporation is evaluating the potential for drilling horizontal wells with multi-stage fracturing to further enhance the already robust economics of these liquid rich intervals.

The Corporation continues to own strategic infrastructure including corporation owned and operated compression and gathering systems allowing for optimization, control of costs and most importantly, dedicated and dependable service which is always key in maintaining maximum profitability.

Drilling

In 2011, the Corporation drilled 15 vertical multi-zone wells (11.8 net) with a 100 percent success rate.

Employees

The Corporation employs or retains the services of 41 individuals (including personnel hired on a contract basis) at its head office in Calgary, Alberta. In addition, Delphi also retains the services of 24 individuals in field operations in various locations in Alberta and British Columbia.

Oil and Gas Activities

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

The Corporation engaged GLJ Petroleum Consultants Ltd. ("GLJ"), independent qualified reserves evaluators, to evaluate and report on 100 percent of the Corporation's proved and proved plus probable reserves. The crude oil, natural gas and natural gas liquids reserves of the Corporation were evaluated by GLJ, with an effective date of December 31, 2011 in a report dated February 27, 2012 ("GLJ Report").

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

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

Reserves Data (Forecast Prices and Costs)

Reserves Summary

	Light & Medium Oil (mmbbls)		Heavy Oil (mmbbls)		Natural Gas (mmcf)		Natural Gas Liquids (mmbbls)		BOE (6:1) (mboe)	
	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾
	Proved ⁽³⁾⁽⁶⁾									
Developed producing ⁽⁴⁾	1,307	905	-	-	68,980	58,744	2,261	1,599	15,064	12,294
Developed non-producing ⁽⁴⁾	132	100	-	-	11,383	10,007	378	307	2,408	2,075
Undeveloped ⁽⁵⁾	474	366	-	-	34,103	29,089	1,385	1,020	7,543	6,234
Total proved	1,913	1,371	-	-	114,466	97,840	4,024	2,926	25,015	20,604
Probable ⁽³⁾⁽⁶⁾	765	516	-	-	70,941	59,756	2,496	1,776	15,084	12,251
Total proved plus probable	2,678	1,887	-	-	185,408	157,596	6,520	4,702	40,099	32,855

Breakdown of Future Net Revenue (Undiscounted)

	Revenue (\$ 000's)	Royalties ⁽⁸⁾ (\$ 000's)	Operating Costs (\$ 000's)	Capital Development Costs (\$ 000's)	Well Abandonment Costs (\$ 000's)	Future Net Revenue Before Income Taxes	Income Taxes ⁽⁹⁾	Future Net Revenue After Income Taxes
						(\$ 000's)	(\$ 000's)	(\$ 000's)
						Proved ⁽³⁾⁽⁶⁾		
Developed producing ⁽⁴⁾	656,065	121,545	207,844	3,143	7,515	316,018	-	316,018
Developed non-producing ⁽⁴⁾	97,354	13,721	27,647	6,363	981	48,642	9,958	38,684
Undeveloped ⁽⁵⁾	340,851	56,281	69,118	74,783	1,578	139,091	33,891	105,200
Total proved	1,094,270	191,547	304,609	84,289	10,074	503,751	43,849	459,902
Probable ⁽³⁾⁽⁶⁾	748,059	138,312	185,947	58,805	2,529	362,466	90,323	272,143
Total proved plus probable	1,842,329	329,859	490,556	143,094	12,603	866,217	134,172	732,045

Net Present Value of Future Net Revenue Summary

	Before Income Taxes Discounted at					Unit Value Before Income Tax Discounted at 10%	
	0%	5%	10%	15%	20%	\$/boe	\$/mcf
	(\$ 000's)	(\$ 000's)	(\$ 000's)	(\$ 000's)	(\$ 000's)		
Proved ⁽³⁾⁽⁶⁾							
Developed producing ⁽⁴⁾	316,018	249,550	206,872	177,479	156,111	16.83	2.80
Developed non-producing ⁽⁴⁾	48,642	34,780	26,906	21,901	18,444	12.97	2.16
Undeveloped ⁽⁵⁾	139,091	83,516	53,798	36,063	24,613	8.63	1.44
Total proved	503,751	367,846	287,576	235,443	199,168	13.96	2.33
Probable ⁽³⁾⁽⁶⁾	362,466	199,454	126,544	87,815	64,673	10.33	1.72
Total proved plus probable	866,217	567,300	414,120	323,257	263,841	12.60	2.10

	After Income Taxes				
	Discounted at				
	0%	5%	10%	15%	20%
	(\$ 000's)	(\$ 000's)	(\$ 000's)	(\$ 000's)	(\$ 000's)
Proved ^{(3) (6)}					
Developed producing ⁽⁴⁾	316,018	249,550	206,872	177,479	156,111
Developed non-producing ⁽⁴⁾	38,683	29,675	24,142	20,334	17,521
Undeveloped ⁽⁵⁾	105,200	62,817	40,266	26,768	17,988
Total proved	459,901	342,043	271,280	224,581	191,620
Probable ^{(3) (6)}	272,144	148,942	93,949	64,818	47,478
Total proved plus probable	<u>732,045</u>	<u>490,985</u>	<u>365,229</u>	<u>289,399</u>	<u>239,098</u>

Future Net Revenue by Production Group

Reserve Category	Production Group	Future Net Revenue Before Income Taxes		
		(discounted at 10%)		
		(\$ 000's)	\$/boe	\$/mcfe
Proved Producing	Light & medium oil	57,093	39.80	6.63
	Natural gas	149,779	13.79	2.30
	TOTAL	<u>206,872</u>	<u>16.83</u>	<u>2.80</u>
Total Proved	Light & medium oil	71,915	33.67	5.61
	Natural gas	215,661	11.68	1.95
	TOTAL	<u>287,576</u>	<u>13.96</u>	<u>2.33</u>
Total Proved Plus Probable	Light & medium oil	92,670	31.57	5.26
	Natural gas	321,450	10.74	1.79
	TOTAL	<u>414,120</u>	<u>12.60</u>	<u>2.10</u>

Summary of Pricing Assumptions

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

Pricing assumptions	Light and Medium Oil			Heavy Oil	Natural Gas Liquids			Natural Gas	Inflation Rate	Exchange Rate
	West Texas Intermediate Cushing Oklahoma (US\$/bbl)	Edmonton Par Price 40 API (Cdn\$/bbl)	Cromer Medium 29 API (Cdn\$/bbl)	Hardisty Heavy 12 API (Cdn\$/bbl)	Edmonton Propane (Cdn\$/bbl)	Edmonton Butane (Cdn\$/bbl)	Edmonton Pentanes Plus (Cdn\$/bbl)	AECO-C spot price (Cdn\$/mmbtu)	%/year	\$US/\$Cdn
Historical										
2004	41.38	52.96	45.64	29.11	34.70	39.97	53.94	6.88	1.8	0.770
2005	56.58	69.02	56.77	34.07	43.04	51.80	69.57	8.58	2.2	0.826
2006	66.22	73.21	62.26	41.84	43.85	60.17	75.41	7.16	2.0	0.882
2007	72.39	77.06	65.71	43.42	49.56	61.78	77.38	6.65	2.2	0.935
2008	99.64	102.89	93.10	74.94	58.38	75.33	104.78	8.16	2.4	0.943
2009	61.78	66.32	62.96	54.46	38.03	48.17	68.17	4.19	0.4	0.880
2010	79.52	77.87	73.76	60.76	46.84	65.91	84.27	4.17	1.8	0.971
2011	94.83	95.15	87.57	67.03	53.47	74.24	103.75	3.68	3.0	1.012
Forecast										
2012	97.00	97.96	90.12	72.37	58.78	76.41	107.76	3.49	2.0	0.980
2013	100.00	101.02	92.94	73.60	60.61	78.80	108.09	4.13	2.0	0.980
2014	100.00	101.02	91.93	74.51	60.61	78.80	105.06	4.59	2.0	0.980
2015	100.00	101.02	91.93	74.51	60.61	78.80	105.06	5.05	2.0	0.980
2016	100.00	101.02	91.93	74.51	60.61	78.80	105.06	5.51	2.0	0.980
2017	100.00	101.02	91.93	74.51	60.61	78.80	105.06	5.97	2.0	0.980
2018	101.35	102.40	93.18	75.54	61.44	79.87	106.49	6.21	2.0	0.980
2019	103.38	104.47	95.07	77.09	62.68	81.49	108.65	6.33	2.0	0.980
2020	105.45	106.58	96.99	78.67	63.95	83.13	110.84	6.46	2.0	0.980
2021	107.56	108.73	98.95	80.28	65.24	84.81	113.08	6.58	2.0	0.980
2022+	2.0%/yr.	2.0%/yr.	2.0%/yr.	2.0%/yr.	2.0%/yr.	2.0%/yr.	2.0%/yr.	2.0%/yr.	2.0	0.980

The Corporation received the following weighted average prices in 2011, including gains and losses on financial and physical commodity price contracts.

Light & medium oil (\$/bbl)	Natural gas (\$/mcf)	Natural gas liquids (\$/bbl)	Total (\$/boe)
91.56	4.55	51.13	40.47

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

	Light & Medium Oil			Heavy Oil			Natural Gas			Natural Gas Liquids			BOE		
	Proved	Probable	Proved Plus	Proved	Probable	Proved Plus	Proved	Probable	Proved Plus	Proved	Probable	Proved Plus	Proved	Probable	Proved Plus
			Probable			Probable			Probable			Probable			Probable
	(mmbbls)			(mmbbls)			(mmcf)			(mmbbls)			(mboe)		
December 31, 2010	1,831	812	2,643	-	-	-	107,718	57,420	165,138	2,853	1,389	4,243	22,637	11,772	34,409
Extensions and Improved Recovery	342	(4)	338	-	-	-	23,059	22,110	45,169	1,345	1,072	2,417	5,530	4,753	10,283
Technical revisions	190	3	193	46	-	46	4,564	(8,261)	(3,697)	394	35	428	1,391	(1,340)	51
Dispositions	(59)	(46)	(105)	-	-	-	(1,141)	(1,199)	(2,341)	(42)	(14)	(56)	(291)	(260)	(551)
Economic factors	1	-	1	-	-	-	(5,892)	872	(5,020)	(38)	14	(24)	(1,019)	159	(860)
Production	(392)	-	(392)	(46)	-	(46)	(13,842)	-	(13,842)	(488)	-	(488)	(3,233)	-	(3,233)
December 31, 2011	1,913	765	2,678	-	-	-	114,466	70,942	185,408	4,024	2,496	6,520	25,015	15,084	40,099

Additional Information Relating to Reserves Data

Undeveloped Reserves⁽⁵⁾

Proved and Probable Undeveloped Reserves

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

Product Type	Units	Prior	2009	2010	2011
Proved Undeveloped					
Light & Medium Oil	Mbbl	50	183	587	70
Natural Gas	Mmcf	12,035	6,466	13,874	14,496
Natural Gas Liquids	Mbbl	93	214	751	910
Total	Mboe	2,149	1,475	3,650	3,396
Probable Undeveloped					
Light & Medium Oil	Mbbl	160	208	446	25
Natural Gas	Mmcf	9,716	7,230	9,243	21,103
Natural Gas Liquids	Mbbl	75	492	346	1,021
Total	Mboe	1,854	1,905	2,333	4,563

The Corporation's proved and probable undeveloped reserves are attributed to drilling locations, recompletions and tie-ins that are anticipated to proceed in the near term. The capital program in the first quarter of 2012 primarily included the development of locations included in the GLJ Report.

Significant Factors or Uncertainties

The process of evaluating reserves is complex and requires significant judgments and decisions based upon a number of variable factors and assumptions, such as commodity prices, projected production from the properties, the assumed effects of regulation by government agencies and future operating costs. All of these estimates may vary from actual results. The reserve estimates contained in this "Oil & Gas Activities" section are based on current production forecasts, prices and economic conditions. Estimates of the recoverable oil and natural gas reserves attributable to any particular group of properties,

classifications of such reserves based on risk of recovery and estimates of future net revenues expected therefrom, may vary. The Corporation's actual production, revenues, taxes, development and operating expenditures with respect to its reserves may vary from such estimates and such variances could be material.

Future Development Costs

Period	(\$ 000's)	Forecast Prices and Costs ⁽⁷⁾	
		Proved Reserves	Proved Plus Probable Reserves
2012		30,207	38,817
2013		29,376	53,464
2014		17,722	34,008
2015		1,894	2,040
2016		2,868	11,863
Remainder		2,222	2,902
Total for all years undiscounted		84,289	143,094
Total for all years discounted at 10% per year		72,219	120,282

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

Other Oil and Gas Information

Oil and Gas Properties and Wells

The following table sets forth the number and status of wells in which Delphi had a working interest as at December 31, 2011. All but several of the non-producing wells were at one time producing or abandoned. Delphi has title to its net working interest in all wells and is not subject to any change in ownership as a consequence of any current contract or agreement.

	Producing Wells						Non-Producing Wells					
	Oil		Gas		Service		Oil		Gas		Service	
	Gross ⁽¹⁾	Net ⁽²⁾										
Alberta	47	26	342	274	-	-	25	10	195	89	1	1
British Columbia	1	1	35	8	-	-	8	2	75	26	-	-

Properties with No Attributed Reserves

The following table sets forth the Corporation's undeveloped land holdings as at December 31, 2011.

(Acres)	Undeveloped	
	Gross⁽¹⁾	Net⁽²⁾
Alberta	305,660	202,484
British Columbia	102,811	36,702
Total	408,471	239,186

During 2012, approximately 33,400 net acres of the Corporation's undeveloped land is set to expire, however, a portion of these lands can be continued by proving production capability.

Additional Information Concerning Abandonment and Reclamation Costs

The Corporation estimates the costs associated with abandonment and reclamation costs for surface leases, wells and facilities based on previous experience or by estimating such costs. The following table discloses the abandonment costs for wells with reserves of Delphi estimated at December 31, 2011 calculated both undiscounted and at a 10% discount rate with a portion thereof anticipated to be paid in each of the next six years. The reclamation costs of the Corporation, not deducted in the reserves data in determining future net revenue, are estimated to be approximately \$12.0 million at December 31, 2011 and salvage value is estimated to be \$8.8 million. The Corporation currently anticipates incurring abandonment and reclamation costs on 564 net wells. The Corporation estimates it will incur abandonment and reclamation costs of approximately \$0.8 to \$3.0 million in the next three financial years.

**Abandonment Costs
For Wells with Reserves**

(\$ thousands)	2012	2013	2014	2015	2016	2017	Remainder	Total	Discounted at 10%
Proved producing	622	222	201	183	401	297	5,589	7,515	3,202
Total proved	677	210	177	249	454	352	7,955	10,074	3,699
Total proved plus probable	628	150	103	191	165	203	11,163	12,603	3,281

Tax Horizon

The income taxes deducted in the calculation of future net revenue assume a blow down scenario whereby the Corporation produces out its existing reserves. Under this scenario Delphi is taxable in 2016.

The Corporation forecasts its tax horizon assuming reinvestment of cash flow to achieve production and reserve growth. The Corporation does not expect to be required to pay income taxes for the 2012 financial year. The Corporation estimates that income taxes may become payable in 2018, depending on commodity prices, production levels and capital spending.

Costs Incurred

During 2011, the Corporation incurred the following costs in Canada:

	2011 (\$ 000's)
Property and capital costs – Unproved properties	8,816
Property and capital costs – Proved properties	273
Exploration costs ⁽¹³⁾	484
Development costs ⁽¹¹⁾	105,177

Exploration and Development Activities

The following table sets forth the number of exploratory and development wells Delphi participated in during the year ended December 31, 2011:

	Exploratory Wells ⁽¹²⁾		Development Wells ⁽¹⁰⁾	
	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾
Natural gas wells	-	-	21.0	17.8
Oil wells	-	-	9.0	6.0
Total wells	-	-	30.0	23.8

Delphi's capital program will continue to be focused on the development of its inventory of opportunities at Bigstone, Hythe and Wapiti.

Production Estimates

The following table sets forth the volume of daily gross production estimated for the year 2012 in the reserves forecast for proved and proved plus probable reserves.

Proved					
	Light & medium oil (bbls/d)	Heavy oil (bbls/d)	Natural gas (mcf/d)	Natural gas liquids (bbls/d)	BOE/d
Bigstone	260	-	11,154	428	2,547
Hythe	722	-	12,713	66	2,907
Wapiti	-	-	9,978	915	2,578
Other	14	-	7,660	112	1,403
Total Proved	996	-	41,505	1,521	9,435

Probable

	Light & medium oil (bbls/d)	Heavy oil (bbls/d)	Natural gas (mcf/d)	Natural gas liquids (bbls/d)	BOE/d
Bigstone	12	-	1,458	64	319
Hythe	74	-	2,081	14	435
Wapiti	-	-	1,056	98	274
Other	-	-	792	30	161
Total Probable	86	-	5,387	206	1,189

Proved plus Probable

	Light & medium oil (bbls/d)	Heavy oil (bbls/d)	Natural gas (mcf/d)	Natural gas liquids (bbls/d)	BOE/d
Bigstone	272	-	12,612	492	2,866
Hythe	796	-	14,794	80	3,342
Wapiti	-	-	11,034	1,013	2,852
Other	14	-	8,452	142	1,564
Total Proved plus Probable	1,082	-	46,892	1,727	10,624

Production History

Delphi's 2011 share of average gross daily production, before deduction of royalties, is summarized below:

Average Daily Production	Q1	Q2	Q3	Q4
Light & medium oil (bbls/d)	1,102	1,346	1,395	1,436
Heavy oil (bbls/d)	-	-	-	-
Natural gas (mcf/d)	36,509	37,460	38,989	38,973
Natural gas liquids (bbls/d)	1,072	1,317	1,074	1,405
Total (boe/d)	8,259	8,906	8,967	9,337

Bigstone's 2011 share of average gross daily production, before deduction of royalties, is summarized below:

Average Daily Production	Q1	Q2	Q3	Q4
Light & medium oil (bbls/d)	326	360	357	231
Natural gas (mcf/d)	9,430	8,961	8,275	7,902
Natural gas liquids (bbls/d)	278	274	292	255
Total (boe/d)	2,176	2,127	2,028	1,803

Hythe's 2011 share of average gross daily production, before deduction of royalties, is summarized below:

Average Daily Production	Q1	Q2	Q3	Q4
Light & medium oil (bbls/d)	742	887	916	1,083
Natural gas (mcf/d)	12,869	11,927	14,407	13,517
Natural gas liquids (bbls/d)	79	48	80	81
Total (boe/d)	2,966	2,924	3,397	3,417

Wapiti's 2011 share of average gross daily production, before deduction of royalties, is summarized below:

Average Daily Production	Q1	Q2	Q3	Q4
Light & medium oil (bbls/d)	22	94	96	99
Natural gas (mcf/d)	6,111	9,559	7,993	10,520
Natural gas liquids (bbls/d)	679	925	658	1,036
Total (boe/d)	1,719	2,613	2,086	2,888

Netback By Product

The following table sets forth information in respect of quarterly average net product prices received, royalties paid, operating expenses and operating netbacks by product for the year ended December 31, 2011.

	Light & Medium Oil (\$/bbl)			
	Q1	Q2	Q3	Q4
Average prices received	88.72	100.16	90.63	96.05
Royalties	(22.33)	(22.83)	(20.00)	(28.86)
Operating expenses	(7.55)	(7.49)	(7.07)	(7.48)
Transportation	(3.09)	(3.40)	(4.02)	(2.97)
Netback	55.75	66.44	59.54	56.74
	Heavy Oil (\$/bbl)			
	Q1	Q2	Q3	Q4
Average prices received	-	-	-	-
Royalties	-	-	-	-
Operating expenses	-	-	-	-
Transportation	-	-	-	-
Netback	-	-	-	-
	Natural Gas (\$/mcf)			
	Q1	Q2	Q3	Q4
Average prices received	3.97	4.13	4.00	3.45
Royalties	(0.23)	(0.12)	(0.31)	(0.12)
Operating expenses	(1.29)	(1.32)	(1.32)	(1.42)
Transportation	(0.59)	(0.53)	(0.60)	(0.58)
Netback	1.86	2.16	1.77	1.33

	Natural Gas Liquids (\$/bbl)			
	Q1	Q2	Q3	Q4
Average prices received	54.19	44.02	54.59	52.67
Royalties	(12.88)	(12.59)	(17.46)	(14.92)
Operating expenses	-	-	-	-
Transportation	-	-	-	-
Netback	41.31	31.43	37.13	37.75

Reports of the Independent Qualified Reserves Evaluator and Management

The reports of GLJ, the independent reserves evaluator, and management of Delphi respecting the foregoing reserves data can be found in Appendix “A” and Appendix “B”, respectively.

DIVIDENDS

The Corporation has not declared or paid any dividends on any of its shares since its formation on June 19, 2003, nor did DTE or Rise pay any dividends on their respective shares at any time prior thereto. The Corporation does not intend to pay dividends in the near future as future earnings will be retained to finance further expansion of business and operations. Any decision to pay dividends on any class of shares will be made by the board of directors on the basis of earnings, financial requirements and other conditions existing at such future time. The credit facilities of the Corporation also restrict its ability to pay dividends.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The holders of the common shares are entitled to one vote per share at meetings of shareholders, to receive such dividends as declared by the Corporation and to receive the remaining property and assets of the Corporation upon dissolution or winding up of the Corporation. The Common Shares are not subject to any future call or assessment and there are no pre-emptive, conversion or redemption rights attached to such shares. An unlimited number of voting common shares, without par value, have been authorized, of which 130,999,798 Common Shares were outstanding at December 31, 2011.

Preferred Shares

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

MARKET FOR SECURITIES

Trading Price and Volume

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

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Close (\$)</u>	<u>Volume</u>
2011				
January	2.23	2.02	2.05	14,057,980
February	2.31	2.04	2.20	23,397,311
March	2.62	2.10	2.51	13,708,078
April	2.89	2.35	2.71	10,283,264
May	2.75	2.42	2.62	7,743,011
June	2.65	2.01	2.13	7,171,327
July	2.54	2.14	2.39	4,875,843
August	2.52	1.89	2.03	10,169,437
September.....	2.16	1.45	1.50	7,048,827
October.....	2.22	1.30	2.11	7,017,940
November.....	2.35	1.88	2.20	9,652,721
December	2.38	2.04	2.12	5,765,781

DIRECTORS AND OFFICERS

Name, Occupation and Security Holdings

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

<u>Name and Municipality of Residence</u>	<u>Office or Position with the Corporation</u>	<u>Present and Principal Occupation During the Last Five Years</u>
David J. Reid Alberta, Canada	Director, President, Chief Executive Officer since June 2003; prior thereto a director of DTE since September 2000.	President and Chief Executive Officer of Delphi since June 19, 2003; President and Treasurer of DTE since September 20, 2000.
Tony Angelidis Alberta, Canada	Director and Senior Vice President, Exploration since June 2003; prior thereto a director of DTE since September 2000.	Senior Vice President, Exploration of Delphi since June 19, 2003; Vice President and Secretary of DTE since September 2000.
Robert A. Lehodey, Q.C. ⁽²⁾⁽³⁾ Alberta, Canada	Director since June 2003; prior thereto a director of DTE since September 2000.	Partner with the law firm Osler, Hoskin & Harcourt LLP since March 2006; prior thereto, independent businessman since November 2005; prior thereto partner with the law firm Bennett Jones LLP since November 1997.
Harry S. Campbell, Q.C. ⁽²⁾ Alberta, Canada	Director since June 2003; prior thereto a director of DTE since December 2000.	Vice Chairman with the law firm Burnet, Duckworth & Palmer LLP since 1995.
Lamont C. Tolley ⁽¹⁾⁽³⁾ Alberta, Canada	Director since June 2003; prior thereto a director of DTE since December 2000.	Independent businessman since 1999.
Andrew E. Osis ⁽¹⁾⁽²⁾ Alberta, Canada	Director since May 2005.	Chief Executive Officer and Director of Poynt Corporation (formerly Multiplied Media Corporation) since September 2008; prior thereto Chief Financial Officer and Director of Multiplied Media Corporation (formerly Z28 Capital Corp.), a TSX Venture company; prior

Name and Municipality of Residence	Office or Position with the Corporation	Present and Principal Occupation During the Last Five Years
Stephen W. C. Mulherin ⁽¹⁾ Alberta, Canada	Director since March 2010.	thereto Vice President, Global Banking of RBC Dominion Securities from 1999 through 2001. Partner and Vice President at Polar Capital Corporation since 1997.
David J. Sandmeyer ⁽³⁾ Alberta, Canada	Director since March 2010	Director of Freehold Royalty Trust since 1996 and former President of Rife Resources Ltd. and Freehold Royalty Trust until May 2009.
Brian P. Kohlhammer Alberta, Canada	Senior Vice President, Finance and Chief Financial Officer since December 2004.	Vice President, Finance and Chief Financial Officer of Delphi since December 2004; prior thereto Vice President, Finance and Chief Financial Officer of Virtus Energy Ltd. from September 2001 to November 2004.
Rod A. Hume Alberta, Canada	Senior Vice President, Engineering since February 2006.	Vice President, Engineering of Delphi since February 2006; prior thereto Senior Exploitation Engineer of Delphi from February 2005; prior thereto Exploitation Manager/Engineer of Dominion Exploration Canada Ltd. from September 2002 to January 2005.
Hugo H. Batteke Alberta, Canada	Vice President, Operations since October 2007.	Vice President, Operations of Delphi Energy Corp. since October 2007; prior thereto Senior Project Manager at Hood Engineering from March 2003 to September 2007.
Michael K. Galvin Alberta, Canada	Vice President, Land since April 2010.	Vice President, Land of Delphi Energy Corp. since April 2010; prior thereto Manager, Land of Delphi from February 2008 to March 2010; prior thereto Land Manager of Rockyview Energy Inc. from December 2005 to January 2008.

Notes:

- (1) Member of the Audit Committee
- (2) Member of the Corporate Governance and Compensation Committee
- (3) Member of the Reserves Committee

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

As at March 16, 2012, the directors and executive officers of the Corporation, as a group, beneficially owned, directed or controlled, directly or indirectly 4,563,732 Common Shares or approximately 3% of the issued and outstanding Common Shares and held options to acquire a further 5,045,000 Common Shares. Assuming exercise of all options, the directors and executive officers of the Corporation, as a group, would beneficially own, direct or control, directly and indirectly, 9,608,732 Common Shares or approximately 7% of the then issued and outstanding Common Shares. The information as to Common Shares beneficially owned, directed or controlled, not being within the knowledge of the Corporation, has been furnished by the respective individuals.

Cease Trade Orders

As of the date of this AIF, within 10 years before the date of this AIF, no director or executive officer of the Corporation was a director or executive officer at a company that was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under and securities legislation, for a period of more than 30 consecutive days, other than Mr. Andrew Osis, who as a director of Genesis Land Development Corporation (“Genesis”) consented to a management cease trade order (“MCTO”) dated April 7, 2006 with the Alberta Securities Commission (“ASC”) as a result of the failure of Genesis to file its 2005 financial statements by the required deadline under securities legislation. Subsequently, on June 6, 2006, the ASC issued a cease trade order (“CTO”) against Genesis, which replaced the MCTO, as a result of Genesis still not having filed its 2005 financial statements and failing to file its first quarter financial statements by the required regulatory deadline. Genesis filed its 2005 financial statements and its first quarter financial statements on June 15, 2006. The CTO issued by the ASC against Genesis expired on June 21, 2006.

Conflicts of Interest

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

AUDIT COMMITTEE

Composition of Audit Committee

The Audit Committee is comprised of three members of the Board of Directors: Stephen W. C. Mulherin (Chairman), Andrew E. Osis and Lamont C. Tolley. Each of the members of the Audit Committee is financially literate and independent within the meaning of Multilateral Instrument 52-110 – Audit Committees. The mandate of the Audit Committee is reproduced in Appendix “D”.

Education and Experience

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

Stephen W. C. Mulherin (Chairman)

Mr. Mulherin has extensive experience in financial analysis and financial management, including employment in the banking industry and as CFO/VP Development of a transportation company. Mr. Mulherin is a partner in an investment company and has held and continues to hold directorships in numerous corporations, both public and private entities. He has a Degree in Economics from Queens University and is a graduate of the Advanced Management Program from Stanford University.

Andrew E. Osis

Mr. Osis has extensive experience in financial analysis, including employment as an investment banker and as an executive in several public and private corporations. Mr. Osis has held directorships in several corporations. He has a Bachelor of Commerce degree in Finance and has completed Level II of the Chartered Financial Analyst program.

Lamont C. Tolley

Mr. Tolley has extensive experience in financial analysis and financial management. Mr. Tolley holds and has held directorships and executive positions in numerous public and private oil and gas corporations and royalty trusts. He has a Masters Degree of Business Administration from Dalhousie University.

Pre-Approval Policies and Procedures

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

External Auditor Service Fees

The following table provides the fees billed by KPMG LLP, the Corporation's external auditors during fiscal 2011 and 2010.

	2011	2010
Audit Fees	250,500	192,800
Audit-Related Fees	30,000	39,000
Tax Fees	7,600	-
Other Fees	42,000	94,500
Total	<u>\$330,100</u>	<u>\$326,300</u>

Audit fees include fees for quarterly reviews and audit work related to adopting International Financial Reporting Standards. Audit-related fees include fees for services provided in connection with the filing of a short form prospectus offering. Tax fees include fees for services provided for tax compliance. Other fees relate to French translation services of financial statements and management, discussion and analysis and the short form prospectus.

RISK FACTORS

Exploration, Development and Production Risks

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

conditions make such acquisitions or participations uneconomic. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by Delphi.

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

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

Competition

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

Regulatory

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

Environmental

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

Prices, Markets and Marketing

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

Both oil and natural gas prices are unstable and are subject to fluctuation. Any material decline in prices could result in a reduction of Delphi's net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in a reduction in the volumes of Delphi's reserves. Delphi might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in Delphi's net production revenue causing a reduction in its oil and gas acquisition, development and exploration activities. In addition, bank borrowings available to Delphi are in large part determined by Delphi's borrowing base. A sustained material decline in prices from historical average prices could reduce its borrowing base, therefore reducing the bank credit available to the Corporation which could require that a portion, or all, of its bank debt be repaid.

Substantial Capital Requirements

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

Additional Funding Requirements

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

Issuance of Debt

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

Risk Management

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

Availability of Drilling Equipment and Access

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

Title to Assets

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

Reserve Estimates

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

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

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

Insurance

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

Management of Growth

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

Expiration of Licenses and Leases

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

Aboriginal Claims

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

Seasonality

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

Third Party Credit Risk

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

Reliance on Key Personnel

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

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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

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

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of directors, executive officers, senior officers, any direct or indirect shareholder of the Corporation who beneficially owns, or who exercises control over, more than 10% of the outstanding Common Shares or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect Delphi.

TRANSFER AGENT AND REGISTRAR

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

MATERIAL CONTRACTS

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

INTERESTS OF EXPERTS

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

Information relating to reserves in this AIF dated March 30, 2012 was evaluated by GLJ as independent reserves evaluators. The principals of GLJ as a group own less than one percent of the Common Shares of Delphi.

ADDITIONAL INFORMATION

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

APPENDIX A

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

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

1. We have evaluated the Corporation's reserves data as at December 31, 2011. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2011, estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Corporation's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Corporation evaluated by us for the year ended December 31, 2011, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Corporation's board of directors:

Independent Qualified Reserves Evaluator	Description and Preparation Date of Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate, 000's)			
			Audited	Evaluated	Reviewed	Total
GLJ Petroleum Consultants	Corporate Evaluation February 9, 2012	Canada	-	\$ 414,120	-	\$ 414,120

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied.
6. We have no responsibility to update our report referred to in paragraph 4 for events and circumstances occurring after the respective preparation dates.
7. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

GLJ Petroleum Consultants Ltd., Calgary, Alberta, Canada

Dated February 27, 2012

ORIGINALLY SIGNED BY

Terry L. Aarsby, P. Eng.
Vice President

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

Management of Delphi Energy Corp. (the "Corporation") is responsible for the preparation and disclosure of information with respect to the Corporation's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2011, estimated using forecast prices and costs.

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

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

- (a) reviewed the Corporation's procedures for providing information to the independent qualified reserves evaluator;
- (b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and
- (c) reviewed the reserves data with management and the independent qualified reserves evaluator.

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

- (a) the content and filing with securities regulatory authorities of Form 51-101F1 containing the reserves data and other oil and gas information;
- (b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and
- (c) the content and filing of this report.

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

(signed) David Reid

David Reid
President & Chief Executive Officer

(signed) Robert Lehodey

Robert Lehodey, Q.C.
Director and Member of the Corporate
Governance and Compensation Committee and
Reserves Committee

(signed) Tony Angelidis

Tony Angelidis
Senior Vice President, Exploration

(signed) Andrew Osis

Andrew Osis
Director and Member of the Corporate
Governance and Compensation Committee and
Audit Committee

(signed) Harry Campbell

Harry Campbell, Q.C.
Director and Member of the Corporate
Governance and Compensation Committee

(signed) Lamont Tolley

Lamont Tolley
Director and Member of the Audit and
Reserves Committee

(signed) Stephen Mulherin

Stephen Mulherin
Director and Member of the Audit Committee

(signed) David Sandmeyer

David Sandmeyer
Director and Member of the Reserves
Committee

APPENDIX C

ABBREVIATIONS, EQUIVALENCIES AND DEFINITIONS

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

Crude Oil and Natural Gas Liquids		Natural Gas	
bbl	One barrel equaling 34.972 Imperial gallons or 42 U.S. gallons	bcf	Billion cubic feet
bbls/d	Barrels per day	bcfe	Billion cubic feet equivalent
boe	Barrels of oil equivalent	bcf/d	Billion cubic feet per day
boe/d	Barrels of oil equivalent per day	mcf	Thousand cubic feet
Mboe	Thousand barrels of oil equivalent	mcfe	Thousand cubic feet equivalent
Mmboe	Million barrels of oil equivalent	mcf/d	Thousand cubic feet per day
Mbbl	Thousand barrels	mmcfe	Million cubic feet equivalent
Mmbbls	Million barrels	mmcf	Million cubic feet
Mmlts	Million long tones	mmcf/d	Million cubic feet per day
NGL or NGLs	Natural gas liquids, consisting of any one or more of propane, butane and condensate	Mmbtu	Million British Thermal Units
WI	Working interest	GJ/d	Gigajoules per day

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

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

The following references are to the “Oil and Gas Activities” in this AIF.

(1) **Gross**

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

(2) **Net**

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

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

Reserve Categories

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

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

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

- **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.
- **Probable reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Development and Production Status:

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

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

Developed producing reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate;

These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty;

- Developed non-producing reserves** are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.
- (5) **Undeveloped reserves** are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable) to which they are assigned. In multi-well pools it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.
- (6) **Levels of Certainty for Reported Reserves**
- The qualitative certainty levels referred to in the definitions above are applicable to individual reserve entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest level sum of individual entity estimates for which reserves are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:
- At least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves;
 - At least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.
- A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.
- (7) **Forecast prices and costs**
- Future prices and costs that are:
- Generally accepted as being a reasonable outlook of the future;
 - If, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Corporation is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).
- The forecast summary table identifies benchmark reference pricing that apply to the Corporation.
- (8) **Royalty credits under the Alberta royalty tax credit ("ARTC") plan** have not been included in this analysis, as the Alberta Government has eliminated this program effective January 1, 2007.
- (9) **Future income tax expenses**
- Future income tax expenses estimated:
- Making appropriate allocations of estimated unclaimed costs and losses carried forward for tax purposes, between oil and gas activities and other business activities;
 - Without deducting estimated future costs (for example, Crown royalties) that are not deductible in computing taxable income;
 - Taking into account estimated tax credits and allowances (for example, royalty tax credits);
 - and

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

- (10) **Development well** – A well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.
- (11) **Development costs** – Costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from the reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:
- Gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads,, gas lines and power lines, to the extent necessary in developing the reserves;
 - Drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and wellhead assembly;
 - Acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and
 - Provide improved recovery systems.
- (12) **Exploration well** – A well that is not a development well, a service well or a stratigraphic test well.
- (13) **Exploration costs** – Costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities are:
- Costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs");
 - Costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records;
 - Dry hole contributions and bottom hole contributions;
 - Costs of drilling and equipping exploratory wells; and
 - Costs of drilling exploratory type stratigraphic test wells.
- (14) **Service well** – A well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt water disposal, water supply for injection, observation or injection for combustion.
- (15) Numbers may not add due to rounding.

APPENDIX D

AUDIT COMMITTEE MANDATE

Policy Statement

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

Composition

2. The Committee shall consist of at least three directors. The Board shall appoint the members of the Committee. The Board shall appoint one member of the Committee to be the chairman of the Committee (the “**Chairman**”);
3. Each director appointed to the committee by the Board shall be “independent” as required under the applicable securities laws and the applicable rules of any stock exchange on which the securities of the Corporation are listed.
4. Each member of the Committee shall be “financially literate” as required under the applicable securities laws, including without limitation *National Instrument 52-110 - Audit Committees* (“**NI 52-110**”). In order to be financially literate, a director must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements. If available, at least one member shall have “accounting or related financial management expertise”, meaning the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles.
5. A director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation.

Meetings and Operations

The Committee shall convene a minimum of four times each year at such times and places as may be designated by the Chairman and whenever a meeting is requested by the Board, a member of the Committee, the external auditors (the “**auditors**”), or an officer of the Corporation. Meetings of the Committee shall correspond with the review of the quarterly and annual financial statements and the associated management’s discussion and analysis (“**MD&A**”).

6. Notice of each meeting of the Committee shall be given to each member of the Committee and to the auditors, who shall be entitled to attend each meeting of the Committee and who shall attend whenever requested to do so by a member of the Committee.
7. A quorum for the transaction of business at a meeting of the Committee shall consist of two members of the Committee.
8. A member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities, as permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.
9. In the absence of the Chairman, the members of the Committee shall choose one of the members present to be chairman of the meeting. In addition, the members of the Committee shall choose one of the persons present to be the secretary of the meeting.
10. The President and Chief Executive Officer and the Vice President, Finance and Chief Financial Officer and other members of senior management shall be invited to attend meetings of the Committee upon the request of the Committee; subject, however, to the requirement that the Committee (i) hold in camera sessions of the members of the Committee, without management representatives present at every meeting of the Committee, and (ii) meet with the auditors separately and independent of management at every meeting at which the auditors are in attendance.
11. Minutes shall be kept of all meetings of the Committee.

Authority and Reporting

In discharging its duties and responsibilities, the Committee shall have the authority to:

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

Primary Duties and Responsibilities

The Committee's primary duties and responsibilities regarding its audit function are to:

- (a) review with the external auditors the audit function generally, the objectives, staffing, locations, co-ordination, and scope of proposed audits of the financial statements of the Corporation;
 - (b) review with management and the external auditors, and recommend to the Board for approval and release to shareholders, the quarterly and annual financial statements of the Corporation, together with related reports to shareholders, MD&A associated with such financial statements and, when applicable, other public filings (such as prospectus or annual information forms) containing financial disclosures;
 - (c) review with the auditors and management, and monitor the management of, the principal risks that could affect the financial reporting of the Corporation;
 - (d) review and assess the framework of and periodically consider the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance through discussions with management and the auditor;
 - (e) consider the independence and performance of the Corporation's auditors;
 - (f) deal directly with the auditors to approve the annual external audit plan, other services (if any) and associated fees;
 - (g) approve the audit engagement and consider the external audit process and results;
 - (h) provide an avenue of communication among the auditors (both external and internal, if any), management and the Board, and direct the external auditors to report directly to the Committee;
 - (i) establish and monitor procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the anonymous submission by employees of concerns regarding questionable accounting or auditing matters or other "whistleblower" issues, and review the minutes of any Committee meetings held in connection with any subsidiary companies of the Corporation.
13. The Committee shall, in connection with the financial aspects of the Corporation's business:
- (a) review the annual external audit plan with the Corporation's auditors and with management and approve the engagement letter relating thereto;
 - (b) discuss with management and the auditors any proposed changes in major accounting policies or principles, the presentation and effect of significant risks and uncertainties and key estimates and judgements of management that may be material to financial reporting;
 - (c) review with management and with the auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues;

- (d) review any problems experienced or concerns expressed by the auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
- (e) review with management the process of identifying, monitoring and reporting the Corporation's risk management policies and procedures and the principal risks affecting financial reporting;
- (f) review and evaluate any recommendations of the auditors and decide the appropriate course of action;
- (g) consider consistency of the data reported in the financial statements, annual and quarterly reports and related public disclosure documents;
- (h) review audited annual financial statements and related documents in conjunction with the report of the auditors and significant variances between comparative reporting periods as set out in the MD&A;
- (i) review, independently of management, and without management present, the results of the annual external audit, the audit report thereon and the auditor's review of the related MD&A, and discuss with the auditor the quality of accounting principles used, any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the auditor's preferred treatment and any other material communication with management.
- (j) consider and review with management:
 - (i) all unadjusted errors identified by the external auditors,
 - (ii) the internal control memorandum or management letter containing the recommendations of the auditors and management's response, if any, including any evaluation of the adequacy and effectiveness of the internal financial controls of the Corporation and subsequent follow-up to any identified weakness;
- (k) review with management and the auditors the quarterly unaudited financial statements and MD&A before release to the public;
- (l) before release, review and if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including any prospectus, annual reports, annual information forms, MD&A and press releases;
- (m) review and approve the Corporation's hiring policies regarding employees and former employees of the present and former auditors;
- (n) review with management the Corporation's relationship with regulators and the timelines and accuracy of the Corporation's filings with regulatory agencies; and
- (o) review with management all related party transactions and the development of policies and procedures related to those transactions.

Auditors

The Committee shall:

- (p) consider the independence and performance of the auditors and annually recommend to the Board the appointment or discharge of the auditor when circumstances are warranted and recommend to the Board the compensation of the auditors;
- (q) pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the auditors, or the auditors of any of the Corporation's subsidiary entities;
- (r) when there is to be a change of auditors, review all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditors and related documentation required pursuant to *National Instrument 51-102 — Continuous Disclosure Obligations*, with respect to a change of auditors (or any successor legislation) and the planned steps for an orderly transition period;
- (s) review all material written communications between the auditor and management; and
- (t) review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of auditors.

Financing Matters

The Committee shall:

- (u) review all securities offering documents (including documents incorporated therein by reference) of the Corporation;
- (v) review findings, if any, from examinations or reviews performed by regulatory agencies with respect to financial matters;
- (w) review management's consideration of the Corporation's compliance with laws and regulations;
- (x) review management's assessment of current and expected future compliance with covenants under any financing agreements;
- (y) if requested by the Board, review the proposed issuance of debt and equity instruments including public and private debt, equity and hybrid securities, credit facilities with banks and others, and other credit arrangements such as material capital and operating leases, as well as any related securities filings;
- (z) if requested by the Board, review the proposed repurchase of public and private debt, equity and hybrid securities; and
- (aa) in consultation with management understand the Corporation's capital structure and financial risks arising from exposure to such things as commodity prices, interest rates, foreign currency exchange rates and credit and review the management of these risks

including any proposed hedging of the exposures, including receiving a summary report of the hedging activities and hedge-related instruments.

Other

The Committee shall consider the amount and terms of any insurance to be obtained or maintained by the Corporation with respect to risks inherent in its operations and potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities.

14. The Committee shall consider the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process.
15. The Committee shall enquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters, which are directed to the Committee by any member of the Board, a shareholder of the Corporation, the auditors, or management.
16. The Committee shall review, on an annual basis this mandate and recommend any changes to the Board.
17. The Committee will perform any other activities consistent with this mandate, the Corporation's bylaws and applicable laws as the Committee or the Board deems necessary or appropriate.

Scope and Reliance

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

18. Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Corporation from which it receives information, (ii) the accuracy of the information provided to the Committee by such persons or organizations, and (iii) representations made by management of the Corporation, the external auditors of the Corporation, independent counsel, and other advisors and experts to the Corporation and its subsidiaries.