Delphi Energy Corp.

ANNUAL INFORMATION FORM
For the year ended December 31, 2008

March 30, 2009

TABLE OF CONTENTS

Page

Introductory Information 1
Forward-Looking Information 1
Corporate Structure 2
  Name, Address and Incorporation 2
  Intercorporate Relationships 2
General Development and description of the Business 2
  Five Year History 2
  Significant Acquisitions 5
Narrative Description of the Business 5
  General 5
  Risk Factors 9
  Oil and Gas Activities 14
Dividends 24
Description of Capital Structure 24
Market for Securities 24
Directors and Officers 25
  Name, Occupation and Security Holdings 25
  Cease Trade Orders, Bankruptcies, Penalties and Sanctions 26
  Conflicts of Interest 27
Interest of Management and Others in Material Transactions 27
Transfer Agent and Registrar 27
Material Contracts 27
Interests of Experts 27
Audit & Reserves Committee 27
  Audit & Reserves Committee Mandate 27
  Education and Experience 35
  Pre-Approval Policies and Procedures 35
  External Auditors Service Fees 36
Additional Information 36

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

INTRODUCTORY INFORMATION

Delphi Energy Corp. (“Delphi” or “the Corporation”) 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.

In this Annual Information Form, 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 Annual Information Form 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 Annual Information Form contains certain forward-looking statements relating to, but not limited to, the operations, anticipated financial performance, business prospects and strategies of Delphi. Forward-looking information typically contains statements with words such as "anticipate", "believe", "plan" or similar words suggesting future outcomes.

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 assumptions, inherent 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 Annual Information Form 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 Annual Information Form.

CORPORATE STRUCTURE

Name, Address and Incorporation

As described under "Introductory Information", Delphi was formed on June 19, 2003 through the Merger of DTE and Rise. 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.

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.

Intercorporate Relationships

As of the date of this Annual Information Form the Corporation has a wholly-owned subsidiary, Delphi Energy Ltd., a corporation incorporated in the Province of Alberta. 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

Five Year History

The five year history of the Corporation is as follows:

<u>2004</u>

In 2004, the Corporation incurred capital expenditures of $85.7 million, including the acquisition of all the outstanding shares of Tercero for $52.4 million, providing Delphi with natural gas production and development opportunities in North East British Columbia. The remaining capital was directed to the Corporation's North West Alberta and East Central Alberta areas. The Corporation drilled 15 gross (4.3 net) wells during 2004. The remaining significant events for the Corporation in 2004 are as follows:

Trading on the Toronto Stock Exchange

On Tuesday, August 3, 2004, Delphi Energy Corp. began trading on the Toronto Stock Exchange and was delisted from the TSX Venture Exchange. Delphi's trading symbol remained "DEE".

Acquisition of Tercero Energy Inc.

On December 9, 2004, the Corporation acquired all of the issued and outstanding shares of Tercero, a private oil and gas company, for cash consideration of $42.5 million and the assumption of debt plus working capital. The acquisition added net production of approximately 1,200 boe/d, predominantly in North East British Columbia, and approximately 4.7 million boe of proved plus probable reserves to the operations and assets of the Corporation.

Equity Financings

On November 10, 2004, the Corporation issued 1,333,334 flow-through common shares at a price of $3.00 per share for gross proceeds of $4.0 million.

On November 23, 2004, the Corporation issued 9,090,910 subscription receipts at a price of $2.20 per share for gross proceeds of $20.0 million. The proceeds of the offering and additional debt financing were used to acquire all the issued and outstanding common shares of Tercero Energy Inc. on December 9, 2004. Upon closing of the acquisition, the subscription receipts were exchanged for common shares of Delphi.

On December 23, 2004, the Corporation issued 1,622,352 flow-through common shares at a price of $3.70 per share for gross proceeds of $6.0 million.

On December 23, 2004, the Corporation issued 10,169,494 subscription receipts at a price of $2.95 per share for gross proceeds of $30.0 million. The proceeds of the offering were held in trust until the closing of the Bigstone property acquisition described below, which closed on February 1, 2005. Upon closing of the acquisition, the subscription receipts were exchanged for common shares of Delphi.

Appointment/Resignation of Senior Officers

On May 18, 2004, the Corporation appointed Frank M. Lowe as Vice President, Production. On September 17, 2004, Brenda F. Mawhinney resigned as Vice President, Finance and Chief Financial Officer. On December 1, 2004, Brian P. Kohlhammer joined Delphi as Vice President, Finance and Chief Financial Officer.

<u>2005</u>

In 2005, the Corporation acquired its liquids rich natural gas properties at Bigstone, Alberta for $51.3 million. Capital expenditures for the year were $61.2 million in the drilling of 45 gross (22.6 net) wells. The majority of the capital expenditures were directed at exploitation efforts in Bigstone.

Property Acquisition at Bigstone, Alberta

On February 1, 2005, the Corporation purchased the liquids rich natural gas properties at Bigstone, Alberta. At the time the properties were producing approximately 1,200 boe/d. The acquisition provided a significant inventory of development and infill opportunities and a working interest in critical infrastructure to expand the field.

Equity Financings

On March 31, 2005, the Corporation issued 2,727,500 flow-through common shares at a price of $4.40 per share for gross proceeds of $12.0 million.

On December 13, 2005, the Corporation issued 1,958,500 flow-through common shares at a price of $7.15 per share for gross proceeds of $14.0 million.

On December 29, 2005, the Corporation issued 2,500,000 common shares at a price of $5.60 per share for gross proceeds of $14.0 million.

Appointment/Resignation of Senior Officers

On January 10, 2005, the Corporation appointed Michael S. Kaluza as Vice President, Engineering. On June 29, 2005 Frank M. Lowe resigned as Vice President, Production.

<u>2006</u>

In 2006, the Corporation completed its earning operations at Bigfoot in North East British Columbia resulting in the Corporation having a 50 percent working interest in 116 sections of land and infrastructure in the area. The Corporation also has a 50 percent interest in 19 wells and 100 percent working interest in two wells in this area.

Appointment of Senior Officers

On February 16, 2006, the Corporation appointed Michael S. Kaluza as Chief Operating Officer and Rod A. Hume as Vice President Engineering.

Equity Financings

On June 29, 2006, the Corporation issued 5,209,000 flow-through common shares at a price of $4.80 per share for gross proceeds of $25.0 million.

<u>2007</u>

In 2007, the Corporation undertook the strategic swap of its 50 percent working interest, resource play at Bigfoot in North East British Columbia in exchange for 84 sections of operated, multi-zone, conventional natural gas at Hythe, Alberta and cash consideration of $15.1 million. See “Narrative Description of the Business – North West Alberta – Hythe”.

Appointment of Senior Officer

On October 25, 2007, the Corporation appointed Hugo H. Batteke as Vice President, Operations.

Equity Financings

On March 1, 2007, the Corporation issued 7,350,000 flow-through common shares at a price of $2.45 per share for gross proceeds of $18.0 million.

2008

Equity Financings

On July 17, 2008, the Corporation issued 6,316,000 common shares at a price of $2.85 per share and 3,530,000 flow-through common shares at a price of $3.40 per share for gross proceeds of $30.0 million.

Property Acquisition

In July 2008, the Corporation completed the acquisition of oil and natural gas properties, producing approximately 650 boe/d, in the Peace River Arch area of North West Alberta and North East British Columbia for cash consideration of $38.0 million. The acquisition was funded by the net proceeds of the equity offering and the Corporation's credit facilities.

Significant Acquisitions

On December 9, 2004, the Corporation acquired all of the issued and outstanding common shares of Tercero Energy Inc., a private oil and gas company, for a cash consideration of $42.5 million and the assumption of debt plus working capital. Reference is made to Form 51-102F4 filed on SEDAR on March 2, 2005 under the heading "Business Acquisition Report".

On February 1, 2005, the Corporation closed the acquisition of liquids-rich, natural gas properties at Bigstone, Alberta for cash consideration of $51.3 million. Reference is made to Form 51-102F4 filed on SEDAR on April 8, 2005 under the heading "Business Acquisition Report".

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 three core regions: (i) North West Alberta; (ii) North East British Columbia; and (iii) East Central Alberta with an overall focus on natural gas production. Delphi's stated objective is to grow shareholder value by delivering consistent growth in production and reserve additions through a strategy of:

- production and reserve growth by drilling lower risk development opportunities;
- moderate exposure to higher risk / higher reward exploration drilling;
- capitalize on relationships with industry partners to enhance prospect opportunity flow;
- strategic property or corporate acquisitions that enhance both development and exploration drilling inventory; and
- focus efforts within technical areas of expertise.

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

During 2008, Delphi’s production averaged 6,345 boe/d, an increase of 19 percent from the 2007 average of 5,323 boe/d. In 2008, Delphi participated in drilling 23 (16.7 net) wells achieving a success rate of 96 percent. Total field capital expenditures were $76.8 million while proceeds on the disposition of assets were $8.5 million. Approximately 71 percent of all field capital was directed at increasing production and reserves through drilling operations and optimization projects in core areas. In addition, the Corporation acquired oil and natural gas properties producing approximately 650 boe/d in the Peace River Arch area of North West Alberta and North East British Columbia for $38.0 million.

North West Alberta - Bigstone

The Bigstone property is located 150 kilometres southeast of Grande Prairie and remains the Corporation’s single largest producing asset, contributing 2,901 boe/d in 2008. Key attributes of the Bigstone asset include; a large, high working interest, operated land base, multi-zone, liquids rich, sweet gas targets and ownership in an extensive gas infrastructure system. Delphi’s average working interest of 53 percent in 28,000 acres of land and the ability to drill more than one well per spacing unit provides a significant inventory of development drilling opportunities in this area. The operated and high working interest nature of these opportunities allows the Corporation to efficiently scale a capital program to achieve the objectives of changing internal and external economic conditions. A typical well in the Bigstone area will be drilled to approximately 2,800 metres and has the potential to encounter up to seven intervals in the Cretaceous section with individual productive capabilities ranging from 250 to 3,000 mcf/d. The multi-zone potential is a major factor in drilling success rates approaching 100 percent since acquiring the property in 2005. The sweet gas produced from these intervals is liquids rich with condensate yields approaching 30 barrels per million cubic feet of gas. This rich gas results in premium pricing. Delphi owns an extensive gas gathering system in the Bigstone area which ensures that production can be brought on-line quickly and stay on-line since the Corporation is not dependant upon third parties to transport its gas to the processing facility. The ownership in the processing facility once again provides assurance that Delphi gas will not be curtailed due to third party constraints and results in lower operating costs which in turn contribute to higher cash netbacks. The Corporation will continue to pursue the repeatable and predictable development projects taking advantage of its extensive land base and owned natural gas infrastructure that has made the Bigstone asset a successful, low cost, high netback and long life producing area.

Production / Drilling

In 2008, average production at Bigstone increased seven percent to 2,901 boe/d from average production of 2,713 boe/d in 2007. During the fourth quarter of 2008, average production decreased ten percent to 2,728 boe/d from average production of 3,042 boe/d in the fourth quarter of 2007. During the year ending December 31, 2008 the Corporation drilled nine (5.7 net) wells resulting in seven (4.1 net) gas wells, one (1.0 net) oil well and one (0.6 net) potential oil well for an overall success rate of 100 percent based on completed wells.

North West Alberta - Hythe

The Hythe property is located 60 kilometres northwest of Grande Prairie and is the Corporation’s second largest producing asset exiting 2008, producing in excess of 1,600 boe/d. Since acquiring the Hythe assets in September 2007, the Corporation has been focused on unlocking the growth potential on the extensive land base. Delphi has an average working interest of 58 percent on 113,000 acres. Much like Bigstone, Hythe has the requisite attributes that support a premier growth asset; prolific multi-zone potential, repeatable and predictable development type opportunities, resource type plays and an extensive, underutilized field gathering and processing plant infrastructure in which Delphi owns a working interest. Through the end of 2008, the Corporation has increased production 300 percent from acquisition rates of approximately 400 boe/d to a stabilized rate of over 1,600 boe/d by drilling new wells, recompleting zones in existing wellbores and optimizing the original wellbores and infrastructure system. Historically, Hythe has been developed utilizing one vertical well per 640 acre spacing unit with one or two zones completed during the initial stage of development; subsequently additional zones were accessed as the original completions depleted. Recently, emerging technologies such as horizontal wells with mutli-stage fracture stimulations and gas frac stimulations have been utilized in conjunction with traditional drilling and completion methods to enhance production rates, reserve recovery and ultimately capital efficiency. After review of the available data, the Delphi technical team realized that incremental reserves and production volumes could be captured by drilling two wells on the 640 acre spacing units and completing the majority of the productive intervals during the initial completion phase. Subsequently, the Corporation applied for and received downspacing and commingling approvals from the necessary regulatory agencies for the majority of the Hythe area lands. The first stage of re-development is ongoing and has involved targeting previously identified productive intervals by drilling the second vertical well in producing spacing units and completing up to nine zones during the initial completion operations. These applications are generating low risk capital efficient reserves and production additions that are repeatable and predictable. A second stage of re-development has also been initiated and involves the application of emerging technologies such as horizontal wells with multi-stage fracture stimulations and gas fracture stimulations utilized in conjunction with traditional drilling and completion methods to enhance production rates, reserve recovery and ultimately capital efficiency of existing and emerging play types. Delphi is encouraged by the initial results realized in the second stage of re-development and is continuing to build a multi-year inventory of drilling and recompletion opportunities.

Production / Drilling

In 2008, average production at Hythe increased 173 percent to 1,010 boe/d from average production of 584 boe/d in 2007. During the fourth quarter of 2008, average production increased 143 percent to 1,467 boe/d from 604 boe/d in the fourth quarter of 2007. During the year ending December 31, 2008 the Corporation drilled ten (9.3 net) wells resulting in nine (8.3 net) gas wells and one (1.0 net) oil well for an overall success rate of 100 percent.

North West Alberta and East Central Alberta

In addition to the Bigstone and Hythe areas, Delphi’s primary producing assets in Alberta include; the Tower Creek well southwest of Bigstone, the Fontas area in North West Alberta and several fields in East Central Alberta. In 2008, average production for Alberta, excluding Bigstone and Hythe, was 1,796 boe/d and during the fourth quarter of 2008 was 1,751 boe/d. During the year ending December 31, 2008 the Corporation drilled two (0.2 net) wells in these areas resulting in one (0.1 net) gas well and one (0.1 net) dry hole for an overall success rate of 50 percent in these areas. The Tower Creek well is located 60 kilometres southwest of Bigstone. In 2006, the Corporation participated in a successful exploration well testing the Devonian Leduc formation at 4,900 metres. The well was brought on-line in June 2007, has been producing in excess of 20,000 mcf/d since first production and has a cumulative production of 10.8 bcf of gas through December 31, 2008. In 2008, Delphi’s average production from the Tower Creek well was 737 boe/d. Fontas is located approximately 300 kilometres north of Grande Prairie. In 2008, average production was 275 boe/d from the Mississippian Debolt/Elkton and the Cretaceous Detrital formations which are typically less than 800 metres in depth. A combination of sub-surface data, 2-D and 3-D seismic data is used to identify low-risk development wells in the existing pools and medium-risk step-out wells that create development opportunities for the following winter drilling season. At Fontas, Delphi has a 17 percent working interest in a contiguous land base in excess of 110,000 acres, the gathering system and a 40 mmcf/d processing facility that is tied into the Nova pipeline system.

The East Central Alberta properties are classified by the Corporation as low-risk development assets located in Townships 36 to 41, Range 2 - 12 W4. Production is primarily sweet gas and medium gravity crude from shallow Cretaceous intervals with 2008 average production of 280 boe/d.

North East British Columbia

In 2008, average production was 638 boe/d and during the fourth quarter of 2008 was 763 boe/d. During the year ending December 31, 2008 the Corporation drilled two (1.5 net) gas wells for an overall success rate of 100 percent. Delphi's assets in North East British Columbia produce from various fields and formations, including the shallow Cretaceous sands at Noel, the deeper Permian Mattson at Windflower, the Mississippian Debolt at Helmet and the deep Devonian Jean Marie and Slave Point carbonates at Helmet North and Missile. The existing North East British Columbia assets generate positive cash flow and provide a solid base from which to build growth type properties such as Bigstone and Hythe. In addition to the indicated development type plays, Delphi has several land blocks that are on trend with emerging Montney and Horn River Basin shale resource plays.

Acquisitions and Divestitures

During July 2008 Delphi acquired approximately 650 boe/d with associated proved plus probable reserves of 1.6 mmboe for a total consideration of $38.0 million. The acquired properties are located in West Central Alberta and North East British Columbia with the majority of the assets proximal to the Corporation's existing land base. The properties are characterized as stable, low decline, high netback production with an acquisition cost, after closing adjustments, of $49,500 per producing barrel and $20.15 per proved plus probable boe, excluding the estimated value of undeveloped land and seismic. In addition to 24,000 net acres of developed land, the acquisition included 35,000 net acres of undeveloped land and 292 kilometres of 2-D seismic. Another key component of the acquisition was the ownership in key natural gas infrastructure including; a 100 percent working interest in the Clayhurst Gas Plant with capacity of 10.0 million cubic feet per day (mmcf/d), a 5.8 percent working interest in the Progress Gas Plant with capacity of 142.0 mmcf/d and ownership in additional field compression and gathering systems throughout the properties.

In 2008, the Corporation disposed of three non-core assets, for a total consideration of $8.5 million, producing 96 boe/d with associated proved plus probable reserves of 309 mboe, resulting in divestiture metrics of $88,900 per boe/d and $27.47 per proved plus probable boe.

Land

The current uncertainty in commodity pricing has created an opportunity to acquire land at a fraction of the prices observed in early 2008. Delphi has capitalized on this opportunity and over the past seven months has been successful in acquiring approximately 10,600 net acres of undeveloped land at an average price of $84/acre. The acquired lands are comprised of 7,000 net acres with defined development prospects in the Hythe area and 3,600 net acres on trend with an emerging Doig / Montney play in North East British Columbia. Combined with a previously established land position, the recent land acquisition targeting the Doig / Montney play has resulted in a contiguous land block of 8,000 gross acres (5,250 net acres). Delphi will continue to pursue a land acquisition strategy that is complementary to its existing conventional development as well as resource type plays. As part of its business strategy of delivering sustainable long term growth, the Corporation views the current business environment as an opportunity to accumulate strategic undeveloped land.

Employees

The Corporation employs or retains the services of 31 individuals (including personnel hired on a contract basis) at its head office in Calgary, Alberta. In addition, Delphi also retains the services of 19 individuals in field operations in various locations in Alberta and British Columbia.

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.

Hedging

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. 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 Petroleum Consultants Ltd., the Corporation’s independent qualified reserves evaluator, has used forecast price and cost estimates in calculating reserve quantities in their report ("GLJ Report") summarized under “Oil and Gas Activities” below. 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.

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, 2008 in a report dated March 17, 2009 ("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:1 bbl 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

	Light & Medium Oil (mbbls)		Heavy Oil (mbbls)		Natural Gas (mmcf)		Natural Gas Liquids (mbbls)		BOE (6:1) (mboe)	
	Gross(1)	Net(2)	Gross(1)	Net(2)	Gross(1)	Net(2)	Gross(1)	Net(2)	Gross(1)	Net(2)
Proved (3) (6)										
Developed producing(4)	479	393	70	70	57,483	43,331	706	441	10,835	8,125
Developed non-producing(4)	165	122	3	3	7,827	6,139	62	37	1,534	1,185
Undeveloped(5)	50	45	-	-	15,075	12,159	127	79	2,689	2,150
Total proved	694	560	73	73	80,384	61,630	895	557	15,058	11,461
Probable(3) (6)	402	321	91	82	35,810	27,626	392	242	6,854	5,250
Total proved plus probable	1,096	881	164	155	116,194	89,256	1,287	799	21,912	16,710

Net Present Value of Future Net Revenue

($ thousands)	Before Income Taxes Discounted at					Unit Value Before Income Tax Discounted at 10%	
	0%	5%	10%	15%	20%	$/boe	$/mcfe
Proved (3) (6)							
Developed producing (4)	298,580	240,304	202,017	175,055	155,070	24.86	4.14
Developed non-producing (4)	45,775	35,255	28,535	23,831	20,341	24.07	4.01
Undeveloped (5)	58,732	36,084	22,640	14,016	8,141	10.53	1.76
Total proved	403,087	311,643	253,192	212,902	183,552	22.09	3.68
Probable (3) (6)	209,435	126,151	84,553	60,596	45,386	16.11	2.68
Total proved plus probable	612,522	437,794	337,746	273,498	228,938	20.21	3.37

($ thousands)	After Income Taxes Discounted at				
	0%	5%	10%	15%	20%
Proved (3) (6)					
Developed producing (4)	273,586	222,001	188,017	163,981	146,078
Developed non-producing (4)	33,785	25,718	20,635	17,111	14,516
Undeveloped (5)	43,518	25,453	14,662	7,711	2,966
Total proved	350,889	273,172	223,314	188,803	163,559
Probable (3) (6)	156,271	92,822	61,154	42,933	31,386
Total proved plus probable	507,160	365,994	284,468	231,736	194,946

Breakdown of Future Net Revenue

($ thousands, undiscounted)	Revenue	Royalties(8)	Operating Costs	Development Costs	Well Abandonment Costs	Future Net Revenue Before Income Taxes	Income Taxes(9)	Future Net Revenue After Income Taxes
Proved (3) (6)								
Developed producing(4)	610,969	125,398	177,686	2,988	6,318	298,580	24,994	273,586
Developed non-producing(4)	88,029	17,075	20,206	4,327	646	45,775	11,990	33,785
Undeveloped(5)	159,221	25,435	34,881	39,340	834	58,732	15,214	43,518
Total proved	858,219	167,908	232,772	46,655	7,797	403,087	52,198	350,889
Probable(3) (6)	449,849	88,068	119,633	31,189	1,524	209,435	53,164	156,271
Total proved plus probable	1,308,069	255,976	352,405	77,844	9,321	612,522	105,362	507,160

Future Net Revenue by Production Group

Reserve Category	Production Group	Future Net Revenue Before Income Taxes (discounted at 10%)		
		$ thousands	$/boe	$/mcfe
Proved Producing	Light & medium oil	1,477	6.63	1.11
	Heavy oil	1,198	17.11	2.85
	Natural gas	199,343	25.45	4.24
	TOTAL	202,017	24.86	4.14
Total Proved	Light & medium oil	1,477	6.63	1.11
	Heavy oil	1,387	19.04	3.17
	Natural gas	250,328	22.42	3.74
	TOTAL	253,192	22.09	3.68
Total Proved Plus Probable	Light & medium oil	2,905	9.16	1.53
	Heavy oil	2,003	12.51	2.09
	Natural gas	332,837	20.50	3.42
	TOTAL	337,746	20.21	3.37

Summary of Pricing Assumptions

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

	Light and Medium Oil			Heavy Oil	Natural Gas Liquids			Natural Gas	Inflation Rate	Exchange Rate
Pricing assumptions	**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										
2003	31.07	43.66	37.55	26.26	32.14	34.36	44.23	6.66	2.8	0.716
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	99.48	103.44	93.74	75.54	57.82	76.91	104.46	8.16	2.4	0.943
Forecast										
2009	57.50	68.61	59.00	43.10	43.22	52.14	69.98	7.58	2.0	0.825
2010	68.00	78.94	68.68	49.76	49.73	61.57	80.52	7.94	2.0	0.850
2011	74.00	83.54	73.52	54.35	52.63	65.16	85.21	8.34	2.0	0.875
2012	85.00	90.92	80.01	59.23	57.28	70.92	92.74	8.70	2.0	0.925
2013	92.01	95.91	84.40	62.54	60.42	74.81	97.82	8.95	2.0	0.950
2014	93.85	97.84	86.10	63.82	61.64	76.32	99.80	9.14	2.0	0.950
2015	95.73	99.82	87.84	65.13	62.89	77.86	101.81	9.34	2.0	0.950
2016	97.64	101.83	89.61	66.46	64.15	79.43	103.87	9.54	2.0	0.950
2017	99.59	103.89	91.42	67.83	65.45	81.03	105.97	9.75	2.0	0.950
2018	101.59	105.99	93.27	69.22	66.77	82.67	108.10	9.95	2.0	0.950
2019+	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	0.950

The Corporation received the following weighted average prices in 2008.

Light & medium oil ($/bbl)	Heavy oil ($/bbl)	Natural gas ($/mcf)	Natural gas liquids ($/bbl)	Total ($/boe)
92.93	77.30	8.76	80.49	58.31

Reconciliation of Corporation’s Gross [(1)] Reserves

Forecast Prices and Costs

	Light & Medium Oil (mbbls)			Heavy Oil (mbbls)			Natural Gas (mmcf)			Natural Gas Liquids (mbbls)			BOE (mboe)		
	Proved	**Probable**	**Proved Plus Probable**	**Proved**	**Probable**	**Proved Plus Probable**	**Proved**	**Probable**	**Proved Plus Probable**	**Proved**	**Probable**	**Proved Plus Probable**	**Proved**	**Probable**	**Proved Plus Probable**
December 31, 2007	543	321	863	82	23	105	59,639	31,006	90,645	718	386	1,104	11,282	5,898	17,180
Extensions and Improved Recovery	286	226	511	-	-	-	22,781	5,555	28,336	169	43	212	4,251	1,193	5,444
Technical revisions	(37)	(158)	(195)	18	66	84	4,652	(1,883)	2,768	12	(70)	(58)	768	(476)	292
Discoveries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisitions	41	12	53	-	-	-	5,396	1,118	6,514	150	33	183	1,090	231	1,321
Dispositions	(35)	(13)	(48)	-	-	-	(49)	(22)	(71)	(2)	(1)	(3)	(45)	(17)	(62)
Economic factors	9	16	25	-	3	3	76	35	112	1	-	1	23	24	47
Production	(141)	-	(141)	(27)	-	(27)	(12,110)	-	(12,110)	(152)	-	(152)	(2,311)	-	(2,311)
December 31, 2008	694	402	1,096	73	91	164	80,384	35,810	116,194	895	392	1,287	15,058	6,854	21,912

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**	**2006**	**2007**	**2008**
Proved Undeveloped					
Light & Medium Oil	Mbbl	-	-	50	50
Heavy Oil	Mbbl	-	-	-	-
Natural Gas	Mmcf	2,535	5,551	2,986	12,035
Natural Gas Liquids	Mbbl	41	94	86	93
Total	Mboe	464	1,019	634	2,149
Probable Undeveloped					
Light & Medium Oil	Mbbl	47	-	20	160
Heavy Oil	Mbbl	135	-	-	-
Natural Gas	Mmcf	4,978	6,421	9,110	9,716
Natural Gas Liquids	Mbbl	15	88	117	75
Total	Mboe	1,026	1,158	1,655	1,854

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.

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

($ thousands)	**Forecast Prices and Costs[7]**	
Period	**Proved Reserves**	**Proved Plus Probable Reserves**
2009	34,380	48,111
2010	5,994	18,195
2011	2,732	7,120
2012	135	135
2013	-	-
Remainder	3,414	4,283
Total for all years undiscounted	46,655	77,844
Total for all years discounted at 10% per year	41,756	69,131

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, which is in excess of estimated future development costs, 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, 2008. 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]**	**Gross[1]**	**Net[2]**	**Gross[1]**	**Net[2]**	**Gross[1]**	**Net[2]**	**Gross[1]**	**Net[2]**	**Gross[1]**	**Net[2]**
Alberta	84.0	69.7	227.0	108.3	8.0	7.1	46.0	31.6	116.0	47.8	2.0	2.0
British Columbia	3.0	0.6	54.0	16.8	-	-	9.0	2.8	57.0	16.4	1.0	0.1

Properties with No Attributed Reserves

The following table sets forth the Corporation's undeveloped land holdings as at December 31, 2008.

	Undeveloped	
(Acres)	**Gross[1]**	**Net[2]**
Alberta	228,960	100,551
British Columbia	86,519	24,808
Total	315,479	125,359

During 2009, approximately 19,520 net acres of the Corporation's undeveloped land is set to expire, however, a substantial 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, 2008 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 $12.1 million at December 31, 2008 and salvage value is estimated to be $8.8 million. The Corporation currently anticipates incurring abandonment and reclamation costs on 402 net wells. The Corporation estimates it will incur abandonment and reclamation costs of approximately $0.5 to 1.5 million in the next three financial years.

Abandonment Costs For Wells with Reserves									
($ thousands)	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**Remainder**	**Total**	**Discounted at 10%**
Proved producing	491	163	440	371	428	464	3,961	6,318	3,132
Total proved	451	171	450	444	530	452	5,299	7,797	3,492
Total proved plus probable	335	151	418	201	441	443	7,332	9,321	3,285

Tax Horizon

The income taxes deducted in the calculation of future net revenue above assume a blow down scenario whereby the Corporation produces out its existing reserves. Under this scenario Delphi is taxable in 2010.

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 2009 financial year. The Corporation estimates that income taxes may become payable in 2011, depending on commodity prices, production levels and capital spending.

Costs Incurred

During 2008 the Corporation incurred the following costs in Canada:

	2008 *($ thousands)*
Property and capital costs – Unproved properties	742
Property and capital costs – Proved properties	29,670
Exploration costs (13)	766
Development costs (11)	75,271

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, 2008.

	Exploratory Wells(12)		**Development Wells(10)**	
	Gross(1)	**Net(2)**	**Gross(1)**	**Net(2)**
Natural gas wells	-	-	20.0	14.6
Oil wells	-	-	2.0	2.0
Dry holes	-	-	1.0	0.1
Total wells	-	-	23.0	16.7

Production Estimates

The following table sets forth the volume of daily gross production estimated for the year 2008 in the reserves forecast for proved and proved plus probable reserves.

Proved

Forecast Price Case	**Light & medium oil (bbls/d)**	**Heavy oil (bbls/d)**	**Natural gas (mcf/d)**	**Natural gas liquids (bbls/d)**	**BOE/d**
Bigstone	141	-	11,686	318	2,407
Hythe	44	-	11,043	38	1,923
Other	156	58	13,112	99	2,498
Total Proved	342	58	35,841	456	6,828

Proved plus Probable

Forecast Price Case	**Light & medium oil (bbls/d)**	**Heavy oil (bbls/d)**	**Natural gas (mcf/d)**	**Natural gas liquids (bbls/d)**	**BOE/d**
Bigstone	152	-	12,607	343	2,596
Hythe	102	-	12,439	43	2,218
Other	159	59	14,008	104	2,657
Total Proved plus Probable	413	59	39,054	491	7,471

Production History

Delphi's 2008 average net daily production, before deduction of royalties, is summarized below:

Average Daily Production	Q1	Q2	Q3	Q4
Light & medium oil (bbls/d)	297	279	313	367
Heavy oil (bbls/d)	90	89	58	64
Natural gas (mcf/d)	31,777	31,898	33,691	35,545
Natural gas liquids (bbls/d)	372	517	421	353
Total (boe/d)	6,056	6,202	6,409	6,708

Bigstone's 2008 average net daily production, before deduction of royalties, is summarized below:

Average Daily Production	Q1	Q2	Q3	Q4
Light & medium oil (bbls/d)	132	118	137	175
Natural gas (mcf/d)	14,840	15,458	13,664	13,097
Natural gas liquids (bbls/d)	338	457	380	232
Total (boe/d)	2,943	3,152	2,794	2,590

Hythe's 2008 average net daily production, before deduction of royalties, is summarized below:

Average Daily Production	Q1	Q2	Q3	Q4
Light & medium oil (bbls/d)	2	2	15	17
Natural gas (mcf/d)	4,580	5,006	6,142	9,607
Natural gas liquids (bbls/d)	5	37	12	29
Total (boe/d)	770	873	1,051	1,647

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, 2008.

	Light & Medium Oil ($/bbl)			
	Q1	**Q2**	**Q3**	**Q4**
Average prices received	89.07	123.71	112.84	55.82
Royalties	12.21	24.31	20.80	6.85
Operating expenses	16.79	25.62	22.15	17.44
Transportation	0.96	1.36	1.24	0.93
Netback	59.11	72.41	68.65	30.61
	Heavy Oil ($/bbl)			
	Q1	**Q2**	**Q3**	**Q4**
Average prices received	71.76	93.26	94.41	47.48
Royalties	(0.58)	2.96	(1.72)	0.40
Operating expenses	24.66	35.72	41.27	59.91
Transportation	2.86	2.21	4.59	1.85
Netback	44.81	52.38	50.27	(14.68)
	Natural Gas ($/mcf)			
	Q1	**Q2**	**Q3**	**Q4**
Average prices received	8.91	9.66	8.31	8.25
Royalties	1.91	2.65	1.86	1.54
Operating expenses	1.55	1.80	1.72	1.73
Transportation	0.53	0.52	0.46	0.70
Netback	4.92	4.69	4.27	4.29

	Natural Gas Liquids ($/bbl)			
	Q1	**Q2**	**Q3**	**Q4**
Average prices received	82.02	106.00	91.85	28.60
Royalties	23.23	35.11	34.16	9.94
Operating expenses	-	-	-	-
Transportation	-	-	-	-
Netback	58.79	70.88	57.70	18.66

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 79,067,158 Common Shares were outstanding at December 31, 2008.

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:

Period	**High ($)**	**Low ($)**	**Close ($)**	**Volume**
2008				
January	1.90	1.69	1.85	3,070,300
February	2.21	1.84	2.10	5,360,000
March	2.37	2.00	2.11	3,973,700
April	2.82	1.92	2.70	4,964,700
May	2.90	2.62	2.70	5,765,500
June	3.43	2.72	3.08	6,654,600
July	3.08	2.50	2.84	2,812,300
August	2.86	2.41	2.50	2,786,300
September	2.40	1.44	1.70	8,784,600
October	1.67	0.79	0.99	16,576,800
November	1.30	1.05	1.24	6,828,400
December	1.23	0.91	0.99	3,724,900

Directors and Officers

Name, Occupation and Security Holdings

The names, municipalities of residence, positions with the Corporation and the principal occupations of the directors and officers of the Corporation as at the date hereof are set out below.

Name and Municipality of Residence	Office or Position with the Corporation	Present and Principal Occupation During the Last Five Years
David J. Reid .... Calgary, 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 .... Calgary, 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)] .... Calgary, 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)]............. Calgary, Alberta, Canada	Director since June 2003; prior thereto a director of DTE since December 2000.	Partner with the law firm Burnet Duckworth & Palmer LLP since 1995.
Lamont C. Tolley [(1)]........................ Calgary, Alberta, Canada	Director since June 2003; prior thereto a director of DTE since December 2000.	Independent businessman since 1999.
Henry R. Lawrie, FCA [(1)]................ Calgary, Alberta, Canada	Director since June 2003.	Corporate director; advisor to Ross Smith Energy Group; Chief Accountant of the Alberta Securities Commission from 1997 through 2001; Chair of the Oil and Gas Securities Taskforce and Advisor to the Alberta Securities Commission; previously, Managing Partner, Calgary, member of Canadian Policy Board and Representative, World Firm Advisory Group, Price Waterhouse.
Andrew E. Osis [(1)]………………. Calgary, Alberta, Canada	Director since May 2005.	Chief Executive Officer and Director of 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 thereto Vice President, Global Banking of RBC Dominion Securities from 1999 through 2001.

Name and Municipality of Residence	Office or Position with the Corporation	Present and Principal Occupation During the Last Five Years
Brian P. Kohlhammer .... Calgary, Alberta, Canada	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; prior thereto Vice President, Finance of Patchgear.com from September 2000 to April 2001.
Michael S. Kaluza............................ Calgary, Alberta, Canada	Chief Operating Officer since February 2006.	Chief Operating Officer of Delphi since February 2006; prior thereto Vice President, Engineering of Delphi from January 2005 to January 2006; prior thereto Senior Exploitation Engineer of Dominion Exploration Canada Ltd. from February 2001 to January 2005.
Rod A. Hume................................... Calgary, Alberta, Canada	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; prior thereto Exploitation Engineer of Devon Canada Corporation from May 2000 to August 2002.
Hugo H. Batteke .... Calgary, 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; prior thereto Manager, Operations at ENCO Gas Ltd. from October 2000 to February 2003

Notes:
(1) Member of the Audit & Reserves Committee
(2) Member of the Corporate Governance and Compensation Committee

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

As at March 20, 2009, the directors and executive officers of the Corporation, as a group, beneficially owned, directed or controlled, directly or indirectly, 4,173,141 Common Shares or approximately 5.3% of the issued and outstanding Common Shares and held options to acquire a further 3,450,000 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, 7,623,171 Common Shares or approximately 8.9% 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 Annual Information Form, 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.

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

There are no material contracts to which Delphi is a party.

INTERESTS OF EXPERTS

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

Information relating to reserves in this Annual Information Form dated March 30, 2009 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.

AUDIT & RESERVES COMMITTEE

Audit & Reserves Committee Mandate

Policy Statement

Delphi Energy Corp. (the "Corporation") has established and maintains an Audit & Reserves 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: (i) the

Corporation's internal controls, financial reporting and risk management processes; and (ii) the Corporation's petroleum and natural gas reserves reporting and risk management. The Committee will be provided with resources commensurate with the duties and responsibilities set out herein and assigned to it by the Board from time to time, including administrative support. If determined necessary by the Committee, it will have the discretion to institute investigations of improprieties, or suspected improprieties within the scope of its responsibilities, including the standing authority to retain special counsel or experts.

Composition

1. The Committee shall consist of at least three directors. The Board shall appoint the members of the Committee. The Board shall appoint one member of the Committee to be the chairman of the Committee (the "Chairman");

2. Each director appointed to the committee by the Board shall be "independent" as required under the applicable securities laws and the applicable rules of any stock exchange on which the securities of the Corporation are listed.

3. Each member of the Committee shall be "financially literate" as required under the applicable securities laws, including without limitation *Multilateral Instrument 52-110 - Audit Committees* ("MI 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.

4. A director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation.

Meetings and Operations

1. 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"), the external independent engineers (the "engineers") 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") and with the review of the Corporation's annual independent engineering report process and updates thereto.

2. Notice of each meeting of the Committee shall be given to each member of the Committee and to the auditors, who shall be entitled to attend each meeting of the Committee and who shall attend whenever requested to do so by a member of the Committee.

3. A quorum for the transaction of business at a meeting of the Committee shall consist of two members of the Committee.

4. A member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities, as permits all persons

participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.

5. In the absence of the 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.

6. The President and Chief Executive Officer and the Vice President, Finance and Chief Financial Officer and other members of senior management shall be invited to attend meetings of the Committee upon the request of the Committee; subject, however, to the requirement that the Committee (i) hold in camera sessions of the members of the Committee, without management representatives present at every meeting of the Committee, and (ii) meet with the auditors and the engineers separately and independent of management at every meeting at which the auditors and/or engineers are in attendance.

7. Minutes shall be kept of all meetings of the Committee.

Authority and Reporting

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

   (a) inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates;

   (b) discuss with the management of the Corporation, its subsidiaries and affiliates and staff of the Corporation, any affected party, contractors and consultants of the Corporation and the auditors, such accounts, records and other matters as any member of the Committee considers necessary and appropriate;

   (c) engage independent counsel and other advisors (including a second firm of external auditors) as it determines necessary to carry out its duties; and

   (d) set and pay the compensation for any advisors employed by the Committee.

2. The Committee shall after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.

Audit Function

Primary Duties and Responsibilities

1. 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 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;

(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, 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, and

(j) review the minutes of any Committee meetings held in connection with any subsidiary companies of the Corporation.

2. 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 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) 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;

(j) review with management and the auditors the quarterly unaudited financial statements and MD&A before release to the public;

(k) 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; and

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

Auditors

3. The Committee shall:

(a) 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;

(b) 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;

(c) 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 – Change of Auditors* (or any successor legislation) and the planned steps for an orderly transition period; and

(d) 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.

Reserves Functions

Primary Duties and Responsibilities

1. The Committee's primary duties and responsibilities regarding its reserves function are to:

   (a) assist the Board in respect of annual independent and internal reviews of the Corporation's petroleum and natural gas reserves and future net revenue;

   (b) report to the Board on the Corporation's petroleum and natural gas reserves and recommend to the Board the acceptance and inclusion of the contents of the report from the independent engineers or senior reserve personnel on the Corporation's petroleum and natural gas reserves, and in accordance with applicable regulatory requirements; and

   (c) periodically consider the Corporation's operations, production and reserves.

2. The Committee shall in connection with the reserves aspect of the Corporation's business:

   (a) in consultation with the Corporation's senior reserves personnel, meet with the engineers being considered for appointment by the Corporation to review their qualifications and independence to :

      (i) gain reasonable assurance that the engineers being considered for appointment are technically qualified and competent, and obtain confirmation of the engineer's independence of management of the corporation; and

      (ii) establish the terms of their engagement;

   (b) after consultation with the Corporation's senior reserves personnel, recommend to the Board the appointment of the engineers and approve their remuneration;

   (c) in consultation with the Corporation's senior reserves personnel determine the scope of the reviews of the Corporation's petroleum and natural gas reserves by the engineers, having regard to applicable securities legislation and industry practice;

   (d) consider the procedures for providing petroleum and natural gas reserves information to the engineers to enable them to provide a report that will comply with applicable securities legislation;

   (e) in consultation with the Corporation's senior reserves personnel and the engineers, determine whether any restrictions affect the ability of the engineers to report on reserves data and review the reserves data;

   (f) consider and recommend to the Board the acceptance and inclusion of the contents of the report from the engineers or senior reserves personnel on the Corporation's petroleum an natural gas reserves data for filing with the regulatory authorities;

   (g) if required, co-ordinate meetings with the auditors, the Corporation's senior reserves personnel, the engineers and independent consultants, if any, to address matters of mutual interest or concern in respect of the Corporation's evaluation of petroleum and natural gas reserves and future net revenue;

(h) review any required Statement of Reserves Data and Other Oil & Gas Information with reference to the requirements of applicable securities legislation;

(i) review and recommend to the Board for approval all of the Corporation's public disclosure of reserves data and information with reference to the requirements of applicable securities legislation;

(j) review press releases relating to the Corporation's reserves data and related information with reference to the requirements with applicable securities legislation;

(k) review any proposal to change the engineers or assist in resolving any material difference between the engineers and management of the Corporation; and

(l) meet on an annual basis with the Corporation's senior engineering management and the engineers to review and consider the evaluation of the Corporation's petroleum and natural gas reserves and future net revenue.

Financing Matters

1. The Committee shall:

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

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

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

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

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

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

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

Other

1. 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.

2. The Committee shall consider the appointments of the Chief Financial Officer and any key financial mangers who are involved in the financial reporting process.

3. 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.

4. The Committee shall review, on an annual basis this mandate and recommend any changes to the Board.

5. The Committee will perform any other activities consistent with this mandate, the Corporation's bylaws and applicable laws as the Committee or the Board deems necessary or appropriate.

Scope and Reliance

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

2. Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Corporation from which it receives information, (ii) the accuracy of the 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.

Education and Experience

The Audit & Reserves Committee is comprised of three members of the Board of Directors: Henry R. Lawrie (Chairman), Lamont C. Tolley and Andrew E. Osis. Each of the members of the Audit & Reserves Committee is independent of management and each is financially literate. The relevant education and experience of each member is outlined below.

Henry R. Lawrie (Chairman)
Mr. Lawrie is an FCA and acts as a corporate director and consults to various entities, including the Ross Smith Energy Group. Prior to October 2002, he was an advisor to the Alberta Securities Commission, served as its Chief Accountant from July 1997 and acted as the Chair of the Oil and Gas Securities Taskforce. He was for many years in public accounting practice as a senior partner with Price Waterhouse in Calgary, Toronto, Dallas and Midland, Texas and twice was elected to the firm's Policy Board. His contributions to the Canadian Institute of Chartered Accountants included that of Chair of the Auditing Standards Board and the Canadian representative on the International Auditing Practices Committee. He was also Chair of the Full Cost Accounting Taskforce.

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.

Andrew E. Osis
Mr. Osis also 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.

Pre-Approval Policies and Procedures

The Audit & Reserves Committee has established a pre-approval policy and procedures for the engagement of non-audit services. The Audit & Reserves 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 & Reserves 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 2008 and 2007.

	2008	2007
Audit Fees	152,500	140,000
Audit-Related Fees	37,000	10,700
Tax Fees	16,000	11,850
All Other Fees	-	-
Total	$205,500	$162,550

Audit-related fees include fees for quarterly reviews and fees for services provided for due diligence sessions. Tax fees include fees for services provided for tax compliance.

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.

Reference is made to the information filed on SEDAR on March 25, 2009 under the heading "Management's Discussion and Analysis" and included on pages 1 through 19 of the Management Discussion & Analysis and Consolidated Financial Statements report of the 2008 Annual Report of the Corporation.

Reference is made to the information filed on SEDAR on March 25, 2009 under the heading "Consolidated Financial Statements" and included on pages 20 through 36 of the Management Discussion & Analysis and Consolidated Financial Statements report of the 2008 Annual Report of the Corporation.

APPENDIX A

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

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

1. We have prepared an evaluation of the Corporation's reserves data as at December 31, 2008. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2008, 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 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, 2008, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Corporation's board of directors:

			Net Present Value of Future Net Revenue (before income taxes, 10% discount rate, 000's)			
Independent Qualified Reserves Evaluator	**Description and Preparation Date of Report**	**Location of Reserves (Country or Foreign Geographic Area)**	**Audited**	**Evaluated**	**Reviewed**	**Total**
GLJ Petroleum Consultants	March 2, 2009	Canada	-	$337,746	-	$337,746

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.

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. However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.

Executed as to our report referred to above:

GLJ Petroleum Consultants Ltd., Calgary, Alberta, Canada

Dated March 17, 2009

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, 2008, 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 Audit & 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 Audit & 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 Audit & 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. However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.

(signed) *David Reid*	(signed) *Robert Lehodey*
David Reid President & Chief Executive Officer	Robert Lehodey, Q.C. Director and Member of the Corporate Governance and Compensation Committee

(signed) *Tony Angelidis*
Tony Angelidis
Senior Vice President, Exploration

(signed) *Andrew Osis*
Andrew Osis
Director and Member of the Audit & Reserves 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 & Reserves Committee

(signed) *Henry Lawrie*
Henry Lawrie, FCA
Director and Member of the Audit & Reserves Committee

APPENDIX C

ABBREVIATIONS, EQUIVALENCIES AND DEFINITIONS

The following are abbreviations of terms used in this Annual Information Form. 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
bbl/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 the Annual Information Form.

(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 follows:

The following 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.