



**DELPHI ENERGY CORP.**

MANAGEMENT INFORMATION CIRCULAR  
AND PROXY STATEMENT  
FOR THE  
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 28, 2015

April 28, 2015



## Delphi Energy Corp.

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual and special meeting (“**Meeting**”) of the holders (“**Shareholders**”) of common shares (“**Common Shares**”) in the capital of Delphi Energy Corp. (“**Delphi**”) will be held at 3:00 p.m. (Calgary time) on Thursday, May 28, 2015 in the Devonian Room at the Calgary Petroleum Club, 319 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta, Canada, for the following purposes:

1. to receive the financial statements of Delphi for the year ended December 31, 2014 and the auditors’ report thereon;
2. to appoint auditors of Delphi for the ensuing year and authorize the board of directors of Delphi to fix their remuneration;
3. to elect directors for the ensuing year;
4. to consider, and if thought appropriate, to pass an ordinary resolution, the complete text of which is set out in the accompanying management information circular of Delphi dated April 28, 2015 (the “**Information Circular**”) approving all unallocated entitlements under the Stock Option Plan; and
5. to transact such other business as may be properly brought before the Meeting or any adjournments thereof.

The specific details of the matters to be brought before the Meeting are set forth in the accompanying Information Circular and proxy statement.

**Shareholders who are unable to attend the Meeting in person are requested to complete, date and sign the enclosed form of proxy and return it to Delphi’s transfer agent, Computershare Trust Company of Canada, Proxy Dept., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or by facsimile at 1-866-249-7775, so that it is received at least 48 hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournments thereof. Registered Shareholders may also use the internet site at [www.investorvote.com](http://www.investorvote.com) to transmit their voting instructions or vote by phone at 1-866-732-VOTE (8683) (toll free within North America), or 1-312-588-4290 (outside North America). Non-registered shareholders who receive these materials through their broker or other intermediary should complete and send the voting instruction form in accordance with the instructions provided by their broker or intermediary. A proxyholder need not be a shareholder of Delphi. If a Shareholder receives more than one proxy form because such Shareholder owns common shares of Delphi registered in different names or addresses, each proxy form should be completed and returned.**

The share transfer books of Delphi will not be closed, but the board of directors of Delphi have fixed the close of business on April 23, 2015 as the record date for the determination of shareholders entitled to notice of, and to attend and vote at, the Meeting and at any adjournments thereof.

Only persons registered as holders of Common Shares on the records of the Corporation as of the close of business on April 23, 2015 are entitled to receive notice of and to attend and vote at the Meeting or any adjournment thereof, except that a transferee of Common Shares acquired after the record date may vote such Common Shares at the Meeting or any adjournment thereof if it produces properly endorsed share certificates evidencing such share ownership or otherwise establishes to the satisfaction of Delphi that it owns the transferred Common Shares and demands, not later than 10 days before the Meeting that the transferee’s name be included on the list of Shareholders entitled to vote at the Meeting.

DATED at Calgary, Alberta as of April 28, 2015

#### **BY ORDER OF THE BOARD OF DIRECTORS**

(signed) *David J. Reid*

David J. Reid

President, Chief Executive Officer and Director

# Delphi Energy Corp.

## ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

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## **GENERAL PROXY INFORMATION**

This management information circular (“**Information Circular**”) is furnished to the holders (“**Shareholders**”) of common shares (“**Common Shares**”) in the capital of Delphi Energy Corp. (“**Delphi**” or the “**Corporation**”) by the management of the Corporation in connection with the solicitation of proxies to be voted at the annual and special meeting of Shareholders of Delphi (“**Meeting**”) to be held at 3:00 p.m. (Calgary time) on Thursday, May 28, 2015 in the Devonian Room at the Calgary Petroleum Club, 319 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta, Canada, and at any adjournments thereof, for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Shareholders (“**Notice of Meeting**”) and in this Information Circular.

### **Solicitation of Proxies**

**The enclosed form of proxy is solicited by, and on behalf of, the management of Delphi. The persons named in the enclosed form of proxy are senior officers of Delphi. A Shareholder desiring to appoint some other person (who need not be a Shareholder) to represent him or her at the Meeting may do so either by inserting such other person’s name in the blank space provided in the form of proxy or by completing another proper form of proxy.**

To be used at the Meeting, the completed form of proxy must be deposited at the offices of Delphi’s transfer agent, Computershare Trust Company of Canada, Proxy Dept., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, or by facsimile at 1-866-249-7775, so that it is received at least 48 hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournments thereof. Registered Shareholders may also use the internet site at [www.investorvote.com](http://www.investorvote.com) to transmit their voting instructions or vote by phone at 1-866-732-VOTE (8683) (toll free within North America), or 1-312-588-4290 (outside North America). Solicitation will be primarily by mail, but some proxies may be solicited personally or by telephone, facsimile transmission or other electronic means by the directors, officers or employees of Delphi at a nominal cost. The cost of solicitation will be borne by Delphi.

No remuneration will be paid to any person for the solicitation of proxies; provided however that the Corporation may, upon request, pay to intermediaries holding Common Shares in their names for others the charges entailed for sending out the Notice of Meeting, this Information Circular and the instruments of proxy to the persons for whom they hold Common Shares.

Information contained in this Information Circular is given as of April 28, 2015 unless otherwise specifically stated.

### **Advice to Beneficial Holders of Common Shares**

**The information set forth in this section is very important to you if you do not hold Common Shares in your own name.** If you hold Common Shares through a broker, dealer, bank, trust company or other nominee and not in your own name (referred to herein as “**Beneficial Shareholders**”), you should note that only proxies deposited by Shareholders whose names appear on the records of Delphi as registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those Common Shares will not be registered in the Shareholder’s name on the records of Delphi maintained by Computershare Trust Company of Canada, Delphi’s transfer agent. Such shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers, dealers, banks, trust companies or other nominees can only be voted (for or against resolutions) or withheld from voting upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers or other nominees are prohibited from voting Common Shares for their clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person or that the Common Shares are duly registered in their name.**

Applicable Canadian regulatory policy requires brokers or other nominees to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Brokers or other nominees have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in

order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by his, her or its broker (or the agent of the broker) is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. In Canada, the majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Solutions (“**Broadridge**”). Broadridge typically prepares a scanable voting instruction form (“**VIF**”) in lieu of the form of proxy provided by Delphi, mails the VIF to the Beneficial Shareholders and asks Beneficial Shareholders to return the VIF to Broadridge or otherwise communicate voting instructions to Broadridge (via the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a VIF from Broadridge cannot use that form to vote Common Shares directly at the Meeting – the VIF must be returned to Broadridge or, alternatively, instructions must be received by Broadridge well in advance of the Meeting in order to have such shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or an agent of the broker), a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity.

A Beneficial Shareholder who wishes to attend the Meeting and indirectly vote his or her Common Shares as proxyholder for the registered Shareholder should enter his or her own name in the blank space on the form of proxy provided to him or her and return the same to his or her broker (or broker’s agent) in accordance with the instructions provided by such broker (or agent) well in advance of the Meeting.

There are two types of Beneficial Shareholders: (i) those who object to their name being made known to the issuers of the securities that they own (“**OBOs**” or “**Objecting Beneficial Owners**”); and (ii) those who do not object to their name being made known to the issuers of the securities that they own (“**NOBOs**” or “**Non-Objecting Beneficial Owners**”). Issuers, including Delphi, may request and obtain a list of their NOBOs from intermediaries through its transfer agent. Delphi may obtain and use this NOBO list for the distribution of proxy-related materials directly (not through Broadridge) to NOBOs.

#### **Exercise of Discretion by Proxy Holders**

On any ballot taken at the Meeting, the nominees named in the enclosed form of proxy will vote or withhold from voting the Common Shares in respect of which they have been appointed nominee in accordance with the directions of the Shareholders appointing them. In the absence of such direction, the Common Shares represented by valid instruments of proxy executed in favour of the management designees and deposited in the manner described above will be voted “**FOR**” all matters identified in the Notice of Meeting.

The enclosed proxy form confers discretionary authority upon the persons named therein in respect of amendments or variations to matters identified in the Notice of Meeting and other matters, which may properly come before the Meeting or any adjournment thereof. At the time of printing of this Information Circular, neither the directors nor management of Delphi know of any amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting. If any such amendment, variation or other matter properly comes before the Meeting, the Common Shares represented by proxies in favour of management will be voted on such matters in accordance with the best judgment of the person voting the proxy.

#### **Revocability of Proxies**

A Shareholder who has given a proxy may revoke it either by: (a) depositing an instrument in writing executed by the Shareholder or by the Shareholder’s attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized (i) at the registered office of Delphi at any time up to and including the last business day preceding the day of the Meeting, or any adjournments thereof, at which the proxy is to be used, or (ii) with the chairman of the Meeting on the day of the Meeting or any adjournments thereof, or (b) attending the Meeting in person and registering with the scrutineers to vote in person, or (c) in any other manner permitted by law.

### **Record Date**

The share transfer books of Delphi will not be closed, but the board of directors of Delphi (the “**Board**” or “**Board of Directors**”) has fixed the close of business on April 23, 2015 as the record date (“**Record Date**”) for the determination of Shareholders entitled to notice of, and to attend and vote at, the Meeting and at any adjournments thereof. Shareholders of record at the close of business on the Record Date are entitled to notice of, and to attend and vote at, the Meeting.

Persons who are transferees of any Common Shares acquired after the Record Date and who have produced properly endorsed share certificates evidencing such share ownership or who otherwise establish to the satisfaction of Delphi that they own the transferred Common Shares and demand, not later than 10 days before the Meeting, that their names be included on the list of Shareholders, are entitled to vote at the Meeting. In addition, persons who are Beneficial Shareholders as of the Record Date will be entitled to vote at the Meeting in accordance with the procedures established pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators.

### **Voting Common Shares and Principal Holders Thereof**

Delphi is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. As at April 28, 2015, there were 155,510,378 Common Shares outstanding and no preferred shares outstanding. Each Common Share carries the right to one vote on any matter properly coming before the Meeting.

As of the date hereof, to the knowledge of the directors and senior officers of Delphi, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attached to all issued and outstanding Common Shares.

## **BUSINESS TO BE ACTED UPON AT THE MEETING**

### **Receipt of December 31, 2014 Financial Statements**

Delphi’s audited annual financial statements for the financial year ended December 31, 2014 and the auditors’ report thereon will have been sent to Shareholders prior to the Meeting, and are available on the Internet on the Canadian System for Electronic Document Analysis and Retrieval (“**SEDAR**”) and can be accessed at [www.sedar.com](http://www.sedar.com). No formal action will be taken at the Meeting to approve the financial statements, which have already been approved by the Board of Directors.

### **Appointment of Auditors**

Shareholders will be asked at the Meeting to pass a resolution reappointing KPMG LLP, Chartered Accountants, as auditors of Delphi to hold office until the next annual meeting of Shareholders or until their successors are appointed, at remuneration to be fixed by the Board of Directors. KPMG LLP, Chartered Accountants, was first appointed as the auditor of Delphi on June 19, 2003. For details concerning fees paid to KPMG LLP by Delphi and the Audit Committee of the Board of Delphi, see “Audit Committee” in the annual information form of Delphi dated and filed March 30, 2015 (“**AIF**”) which can also be accessed on SEDAR at [www.sedar.com](http://www.sedar.com).

Representatives of KPMG LLP will be present at the Meeting and will be given the opportunity to make a statement if they wish to do so. They will also be available to respond to appropriate questions.

The resolution appointing auditors must be passed by a simple majority of the votes cast by Shareholders present in person or by proxy at the Meeting. **In the absence of contrary instructions, the persons named in the accompanying form of proxy intend to vote the Common Shares represented thereby in favour of the appointment of KPMG LLP as auditors of Delphi.**

## **Election of Directors**

Delphi's articles of amalgamation ("**Articles**") provide for the Board to consist of a minimum of 3 and a maximum of 10 directors. The Articles permit the Board to appoint additional directors between annual meetings of Shareholders, provided that the total number of directors so appointed does not exceed, at any time, one-third of the number of directors who hold office immediately after the preceding annual meeting of Shareholders.

At the present time, Delphi has eight directors. The Board considers five to eight directors to be an appropriate size for effective oversight and decision-making in discharging its responsibilities and the Board has determined to fix the number of directors at eight.

The current directors of the Corporation are Messrs. David J. Reid, Tony Angelidis, Harry S. Campbell, Robert A. Lehodey, Andrew E. Osis, Lamont C. Tolley, Stephen W. C. Mulherin and David J. Sandmeyer each of whom is proposed to be nominated for re-election at the Meeting. Management does not propose to nominate any other person for election as a director.

All proposed nominees have consented to be named in this Information Circular and to stand for election and serve as directors if elected. Each elected director will hold office until the close of the next annual meeting or until his successor is duly elected or appointed.

**In the absence of contrary instructions, the persons named in the accompanying form of proxy intend to vote the Common Shares represented thereby in favour of the election of each of the nominees named below as directors of Delphi.**

The table below sets out the name of each of the persons proposed to be nominated for election as a director, his jurisdiction of residence, all positions and offices with Delphi presently held by him, his current principal occupation, the period during which he has served as a director of Delphi or its predecessor, DT Energy Ltd. ("**DTE**"), and the number of Common Shares that he has advised are beneficially owned by him, directly or indirectly, or over which control or direction is exercised by him, as of April 28, 2015.

<b>Name and Jurisdiction of Residence<sup>(1)</sup></b>	<b>Position Presently Held with Delphi</b>	<b>Principal Occupation<sup>(1)</sup></b>	<b>Date of Appointment or Election as Director</b>	<b>Common Shares Beneficially Owned, Controlled or Directed<sup>(1)</sup></b>
David J. Reid <sup>(3)</sup> Alberta, Canada	President, Chief Executive Officer and Director	President and Chief Executive Officer of Delphi	September 2000	1,271,799
Tony Angelidis <sup>(3)</sup> Alberta, Canada	Senior Vice President, Exploration and Director	Senior Vice President Exploration of Delphi	September 2000	948,503
Harry S. Campbell, Q.C. <sup>(2)(4)(10)</sup> Alberta, Canada	Director	Chairman of the law firm Burnet, Duckworth & Palmer LLP	December 2000	967,075
Robert A. Lehodey, Q.C. <sup>(3)(4)(5)(8)(10)(14)</sup> Alberta, Canada	Director	Partner with the law firm of Osler, Hoskin & Harcourt LLP	September 2000	146,455
Andrew E. Osis <sup>(4)(6)(10)(11)(12)</sup> Alberta, Canada	Director	Independent Businessman	May 2005	5,000
Lamont C. Tolley <sup>(2)(6)(8)(10)</sup> Alberta, Canada	Director	Independent Businessman	December 2000	1,257,600
Stephen W. C. Mulherin <sup>(6)(7)(10)(13)</sup> Alberta, Canada	Director	Partner and Vice President of Polar Capital Corporation, an investment company	March 2010	170,000
David J. Sandmeyer <sup>(8)(9)(10)</sup> Alberta, Canada	Director	Independent Businessman	March 2010	20,000

**Notes:**

- (1) The information as to residence, principal occupation and Common Shares beneficially owned, not being within the knowledge of Delphi, has been furnished by the respective individuals.
- (2) Director of Delphi since June 2003. Prior to that, member of the board of directors of DTE since December 2000.
- (3) Director of Delphi since June 2003. Prior to that, member of the board of directors of DTE since September 2000.
- (4) Member of the Corporate Governance & Compensation Committee.
- (5) Mr. Lehodey is the Chairman of the Corporate Governance & Compensation Committee.
- (6) Member of the Audit Committee.
- (7) Mr. Mulherin is the Chairman of the Audit Committee.
- (8) Member of the Reserves Committee.
- (9) Mr. Sandmeyer is the Chairman of the Reserves Committee.
- (10) Independent Director.
- (11) Mr. Osis, in his capacity 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.
- (12) Mr. Osis was the Chief Executive Officer and a director of Poynt Corporation (formerly Multiplied Media Corporation) from September 2008 to October 31, 2012. On July 5, 2012, Poynt Corporation filed a notice of intention to make a proposal pursuant to the Bankruptcy and Insolvency Act, and, on October 31, 2012, the Court of Queen’s Bench of Alberta issued an order deeming Poynt Corporation to have made an assignment in bankruptcy.
- (13) Mr. Mulherin was a director of Impax Energy Services Income Trust from September 26, 2008 to December 22, 2008. Almost a full year later, on December 14, 2009, Impax announced that it obtained an order from the Alberta Court of Queen’s Bench for creditor protection pursuant to the *Companies’ Creditors Arrangement Act*.
- (14) Mr. Lehodey serves as a director of Laricina Energy Ltd. (“Laricina”), a company that is not a reporting issuer. Laricina has secured protection under the *Companies’ Creditors Arrangement Act* (Canada) pursuant to an order dated March 30, 2015, with effect as of March 26, 2015, from the Court of Queen’s Bench of Alberta, which order stays Laricina’s creditors and others from enforcing rights against it while it seeks to restructure its financial affairs.

*Additional Information Related to Voting Practices*

In 2014, the Toronto Stock Exchange (the “TSX”) adopted amendments to its policies which require listed companies to adopt a “majority voting policy” for the election of directors for non-contested meetings. Accordingly, the Board has adopted a majority voting policy requiring that a director tender his or her resignation if more votes are “withheld” from the election of such director than are voted “for” the election of such director at any meeting where shareholders vote on the uncontested election of directors. The CG&C Committee will consider any such resignation and make a recommendation to the Board. In the absence of special circumstances, it is expected that the Board will accept the resignation consistent with an orderly transition. The director will not participate in any CG&C Committee or Board deliberations on the resignation offer. It is anticipated that the Board will make its decision to accept or reject the resignation within 90 days. The Board may fill the vacancy in accordance with the Corporation’s bylaws and applicable corporate laws.

**Approval of Unallocated Entitlements under the Stock Option Plan**

The Corporation has a stock option plan (the “Option Plan”), which is described under the heading “Compensation Discussion & Analysis – Additional Details Concerning the Option Plan” below.

In accordance with the requirements of the TSX, listed issuers that have stock option plans that do not have a fixed maximum number of securities issueable must obtain approval from both a majority of the issuer’s board of directors and a majority of the issuer’s securityholders every three years for all unallocated options available for grant under the Option Plan. The Delphi Option Plan requires such approvals as the number of authorized but unissued Common Shares that may be subject to the Option Plan is ten percent of the issued and outstanding Common Shares at any time. As at April 28, 2015, 12,227,670 options to purchase Common Shares are outstanding in accordance with the Option Plan and 3,323,367 options to purchase Common Shares remain issuable thereunder.



Delphi has not received Shareholder approval for the Option Plan since May 29, 2012 and approval is being sought at this meeting to approve the grant of unallocated options under the Option Plan. If approval is obtained at the meeting the Corporation will not be required to seek further approval of the grant of unallocated options under the Option Plan until May 28, 2018. Regardless of whether or not Shareholder approval is obtained, all options granted prior to May 28, 2015 will be unaffected. However, if Shareholder approval is not obtained, all unallocated options available for grant under the Option Plan will be cancelled, no further options will be granted under the Option Plan and options that are outstanding as of May 28, 2015 which are subsequently cancelled, terminated or exercised will not be available for a new grant of options under the Option Plan.

In the event that the proposed resolution to approve the grant of unallocated options under the Option Plan is not passed at the Meeting, the Board, in conjunction with management and the Corporate Governance & Compensation Committee (“**CG&C Committee**”), will consider the implementation of alternative means of long term incentive compensation for directors, officers and employees of Delphi in order to ensure and encourage the continued involvement of these persons with the Corporation.

The Board has unanimously approved, subject to regulatory and Shareholder approval, all of the unallocated options available for grant under the Option Plan, and accordingly, at the Meeting, the following ordinary resolution will be presented:

“BE IT RESOLVED, as an ordinary resolution, that all unallocated options available to be granted pursuant to the Option Plan be approved and are authorized to be granted and issued until May 28, 2018.”

The foregoing resolution must be approved by the majority of the votes cast by Shareholders who vote in person or by proxy at the Meeting in respect to this resolution.

**In the absence of contrary instruction, the persons named in the accompanying form of proxy intend to vote the Common Shares represented thereby in favour of the resolution approving the unallocated options.**

## **COMPENSATION DISCUSSION & ANALYSIS**

### **Corporate Governance & Compensation Committee**

The CG&C Committee is a committee of the Board of Directors and reports to the full board on, among other things, executive compensation matters.

The members of the CG&C Committee for the year ended December 31, 2014 consisted of Messrs. Robert A. Lehodey, Q.C. (Chairman), Harry S. Campbell, Q.C. and Andrew E. Osis, all of whom have served on the CG&C Committee or on compensation committees for other issuers both currently and in the past and, accordingly, have experience in assessing survey and other compensation data and criteria relevant to discharging the CG&C Committee mandate and their roles on such committee, and each of whom is independent.

The CG&C Committee is charged with, among other things, the responsibility for overall employee and executive officer compensation. The CG&C Committee is responsible for reviewing and approving changes to the Corporation’s compensation policies and making recommendations to the Board.

#### *Compensation Philosophy and Objectives*

The Corporation’s executive compensation program is intended to attract, motivate and retain high performing senior executives, encourage and reward superior performance and align management’s interest with those of the Shareholders. This is accomplished by providing the opportunity for total compensation that is competitive with comparable companies, by ensuring that a significant proportion of executive compensation is aligned with performance (both corporate and individual) and by providing executives with medium and long term incentives through the award of restricted share units under the Corporation’s restricted share unit plan (the “**RSU Plan**”) and the grant of options under the Corporation’s stock option plan (the “**Option Plan**”).

The compensation philosophy of the Corporation incorporates competitive cash compensation and benefits with upside potential that is aligned with shareholder value creation. In general, the Corporation attempts to provide competitive pay for achieving target or expected performance, with discretionary bonus when the Corporation has achieved superior results compared to the corporate business plan.

#### *Risk of Compensation Policies and Practices*

The Board and the CG&C Committee have not formally considered the implications of the risks associated with the Corporation's compensation policies and practices. However, the Corporation's compensation practices give greater weight toward long-term incentives with a view to mitigating the risk of encouraging short-term goals at the expense of long-term sustainability and the enhancement of shareholder value. The discretionary nature of the annual bonus awards and of the RSU and option grants are significant elements of the Corporation's compensation plans and provide the Board and the CG&C Committee with the ability to reward individual and corporate performance and individual behaviour that the Board and the CG&C Committee consider to be aligned with the best intent of the Corporation.

#### *Survey Practices*

In order to meet the Corporation's objectives of providing market competitive compensation opportunities, the CG&C Committee informally surveys compensation data from organizations of comparable size and other companies that the Corporation competes with for talent. The CG&C Committee further reviews industry surveys and other external market data and reviews compensation data gathered from management information circulars of other publicly traded companies.

#### *Key Elements of Compensation*

The compensation program consists of five components: base salary and benefits, annual bonuses, stock options, restricted share units and an employee savings plan. The base salary and benefits represent the fixed portion of the compensation which is tied to market competitiveness and set with a view to attracting and retaining key employees. The annual bonus is discretionary and supports the achievement of individual and corporate performance. The grant of restricted share units and stock options is designed to align the interests of employees (including senior management) with shareholders over both the medium and longer terms.

#### Base Salaries and Benefits

To ensure the remuneration of executive officers of Delphi is competitive, the CG&C Committee utilizes informal industry assessments, surveys and other market and competitive data for comparable-sized companies in the oil and gas industry. The CG&C Committee also considers the long-term interests and financial objectives of Delphi. Generally, the CG&C Committee targets the median salary range based on the data that it considers.

Delphi's group life, short-term disability, long-term disability, health and dental benefit plans are comparable to industry peers and are available to all full-time employees.

#### Annual Bonuses

The CG&C Committee has sole discretion in determining whether or not to recommend the award of annual bonuses. In making this determination the CG&C Committee considers both the individual's performance and Delphi's corporate performance in implementing the Corporation's business plan to create value for shareholders, as well as taking into account current market conditions. Each of the Named Executive Officers (as defined below), as well as all employees, are eligible for bonuses. The bonuses to be paid are approved by the Board of Directors on the recommendation of the CG&C Committee.

#### Restricted Share Units

The purpose of the RSU Plan is to provide eligible individuals with the opportunity to participate in the success of the Corporation and to promote a greater alignment of their interests with the interests of the Corporation's Shareholders by the grant of restricted share units ("RSUs") of the Corporation which are tied to the value of the Corporation's Common Shares. RSUs may be granted to all employees and officers, including Named Executive Officers as

determined by the Board based on the recommendation of the CG&C Committee. The CG&C Committee's recommendation for grants to Named Executive Officers is primarily based on its assessment of the value of such long term incentives in keeping Delphi's employees motivated and their interests aligned with shareholder interests. In determining the number of RSUs to recommend to the Board, the CG&C Committee considers the number of RSUs previously granted to each recipient, including the Named Executive Officers.

RSUs are long term incentives as they typically vest over a period of three years. Generally, one-third of the RSUs in a particular grant are restricted until the first anniversary of the grant, one-third until the second anniversary of the grant and one-third until the third anniversary of the grant.

The number of RSUs granted to an eligible employee is determined by dividing the dollar value of the award by the closing Common Share price on the day prior to the award. Under the RSU plan, when dividends (other than stock dividends) are paid to holders of Common Shares, participants holding RSUs subject to a restricted period are credited with dividend equivalents in the form of additional RSUs. RSUs are settled by cash payment as soon as practicable after each vesting date. The Corporation has not paid dividends on its Common Shares to date.

In the event of termination of employment, disability, resignation or retirement, all unvested RSUs will automatically terminate, unless otherwise determined by the CG&C Committee. In the case of death, all unvested RSUs shall immediately vest. Upon a change of control all outstanding RSUs become conditionally vested immediately prior to the completion of the transaction resulting in a change of control and payment must be made on the date such change of control is completed.

#### Stock Options

The purpose of the Option Plan is to advance the interests of the Corporation by permitting, through the grant and exercise of options, individuals eligible under the Option Plan to acquire Common Shares, thereby: (i) increasing the proprietary interests of such persons in the Corporation; (ii) aligning the interests of such persons with the interests of the Corporation's Shareholders generally; (iii) encouraging such persons to remain associated with the Corporation; and (iv) furnishing such persons with additional incentives in their efforts on behalf of the Corporation.

Stock option grants are a long term incentive as they typically vest over a period of three to four years. Options may be granted to all employees, officers and directors, including to Named Executive Officers as determined by the Board based on the recommendation of the CG&C Committee. The CG&C Committee's recommendation for grants to Named Executive Officers is primarily based on its assessment of the value of such long term incentives in keeping Delphi's employees motivated and their interests aligned with shareholder interests. In determining the number of options to recommend to the Board, the CG&C Committee considers the number of options previously granted to each recipient, including the Named Executive Officers.

#### Employee Stock Savings Plan

The Corporation's Employee Stock Savings Plan ("ESSP") provides an opportunity for employees to invest in Common Shares of the Corporation on a monthly basis. The program was implemented to assist in aligning employees' interests with the Corporation's interests by making employees owners of the Corporation. The ESSP is a voluntary plan available to all full time employees, including executive officers. Eligible employees may choose to participate in the ESSP by payroll deduction to purchase Common Shares of Delphi in the public market through a brokerage firm retained by the Corporation. Participants may contribute up to 10% of their monthly base salary to the ESSP with a corresponding matching by the Corporation of 1.5 times the employee contribution.

Common Shares purchased through matching contributions made by the Corporation under the ESSP on or prior to January 1, 2015 became or will become available for distribution to a participating employee as follows: (i) one-third (1/3) on January 1, 2015, (ii) a further one-third (1/3) on January 1, 2016 and (iii) the remaining one-third (1/3) on January 1, 2017. Common Shares purchased through matching contributions made by the Corporation pursuant to the ESSP after January 1, 2015 will become available for distribution to a participating employee as follows: (i) one-third (1/3) on December 31 of the year in which the contribution is made (the "Release Date"), (ii) a further one-third (1/3) on the first anniversary of the Release Date and (iii) the remaining one-third (1/3) on the second anniversary of the Release Date.

### Additional Details Concerning the Option Plan

Directors, officers, employees of the Corporation or of its subsidiaries or any person or company engaged to provide ongoing management or consulting services to Delphi or its subsidiaries are eligible to receive options under the Option Plan, which is administered by the Board of Directors. Certain material terms of the Option Plan are summarized below.

#### Common Shares Subject to the Option Plan

The aggregate number of Common Shares reserved for issuance under the Option Plan shall be equal to 10% of the issued and outstanding Common Shares from time to time (calculated on a non-diluted basis). This prescribed maximum may be subsequently increased to any specified amount, provided the change is authorized by a vote of the Shareholders of the Corporation.

No options shall be granted pursuant to the Option Plan without obtaining the approval of the Shareholders of the Corporation in accordance with the applicable rules of the TSX and any other stock exchange or exchanges on which the Common Shares are listed, if such grant together with grants pursuant to all other share compensation arrangements of Delphi could result, at any time, in: (i) a number of Common Shares reserved for issuance pursuant to options granted to insiders exceeding 10% of the outstanding issue; (ii) the issuance within a one year period, of a number of Common Shares exceeding 10% of the outstanding issue; or (iii) the issuance to any one insider and such insider's associates, within a one-year period, of a number of Common Shares exceeding 5% of the outstanding issue.

If any options granted under the Option Plan are exercised, the number of Common Shares reserved under such options shall be available for the purposes of the granting of further options under the Option Plan. If any options granted under the Option Plan expire, terminate or are cancelled for any reason without having been exercised in full, the number of Common Shares reserved under such options shall be available for the purposes of the granting of further options under the Option Plan.

The Corporation currently has 155,510,378 Common Shares issued and outstanding. As at April 28, 2015 12,227,670 options to purchase Common Shares are outstanding in accordance with the Option Plan (representing 7.9% of the outstanding Common Shares) and 3,323,367 options to purchase Common Shares remain issuable thereunder (representing approximately 2.1% of the outstanding Common Shares).

#### Exercise Price

Options may be exercised at a price ("**Exercise Price**"), which shall be fixed by the Board at the time that such options are granted. No options shall be granted with an Exercise Price at a discount to the market price ("**Market Price**"). For the purposes of the Option Plan, the Market Price is calculated as the volume weighted average trading price of the Common Shares on the TSX for the five (5) trading days immediately preceding the date of grant of an option. The volume weighted average trading price is calculated by dividing the total value of the Common Shares traded over the five (5) day period by the total volume of Common Shares traded over the same period.

#### Term of Options

The period during which options may be exercised ("**Option Period**") is determined by the Board at the time options are granted, subject to any vesting limitations which may be imposed by the Board in its sole, unfettered discretion at the time such options are granted, provided that: (i) no option shall be exercisable for a period exceeding five (5) years from the date the option is granted unless otherwise specifically provided by the Board, in any event, no option shall be exercisable for a period exceeding ten (10) years from the date the option is granted; (ii) the Option Period shall be automatically reduced in accordance with the terms of the Option Plan upon the occurrence of certain events; and (iii) no option in respect of which Shareholder approval is required under the rules of the TSX or any other stock exchange or exchanges on which the Common Shares are then listed shall be exercisable until such time as the option has been approved by the Shareholders.

### Vesting of Options

The period over which any option may be exercised and/or vested will be determined at the time the options are granted by the Board.

### Blackout Period

In the event that an option is scheduled to expire or terminate during or within ten business days following the period of time when, pursuant to any policies of the Corporation applicable to a participant, the participant is prohibited from trading the Corporation's securities or exercising options (the "**Blackout Period**"), the expiry date for that option shall be the date that is the tenth business day following the expiry of the date of the Blackout Period (the "**Blackout Expiry Date**"). The Blackout Expiry Date for an option may not be amended by the Board without the approval of Shareholders.

### Cessation of Entitlement to Options

Subject to any written agreement between the Corporation and an optionholder providing otherwise, if an optionholder who is a director, officer, employee or consultant of the Corporation or any of its subsidiaries ceases to hold such position for any reason other than death, permanent disability or normal retirement, the options held by such optionholder will terminate immediately as to the then unvested portion thereof and at 5:00 p.m. (Calgary time) on the earlier of: (i) the date of the expiration of the Option Period and (ii) the 90th day after the date such optionholder ceases to be a director, officer, employee or consultant of the Corporation or any of its subsidiaries as to the then vested portion of the option.

The granting of options to any participant under the Option Plan shall not (i) confer upon such participant any right to continue as a director, officer, employee or consultant of Delphi or any of its subsidiaries or (ii) be construed as a guarantee that the participant will continue in such position.

Subject to any written agreement between the Corporation and an optionholder providing otherwise and the Option Period, in the event of death, permanent disability or normal retirement of an optionholder, any options previously granted to such holder shall be exercisable until the end of the Option Period or until the expiration of 12 months after the date of death, permanent disability or normal retirement of such holder, whichever is earlier, and then, only: (i) in the event of death or permanent disability, by the person or persons to whom the optionholder's rights under the options shall pass by the optionholder's will or applicable law; and (ii) to the extent that the holder was entitled to exercise the options as at the date of the holder's death, permanent disability or normal retirement.

### Transferability

All benefits, rights and options accruing to any optionholder in accordance with the terms and conditions of the Option Plan shall not be transferable or assignable unless specifically provided in the Option Plan. The Corporation shall not recognize any attempted exercise of any purported assignee of an optionholder. During the lifetime of an optionholder, any options granted under the Option Plan may only be exercised by the holder thereof and in the event of the death or permanent disability of an optionholder, by the person or persons to whom the optionholder's rights under the options pass by the optionholder's will or applicable law.

### Amendments

The Board has the authority, without notice or shareholder approval, at any time and from time to time, to amend, suspend or terminate the Option Plan, to establish the rules and regulations relating to the Option Plan and options granted thereunder and to make all determinations necessary or advisable for administration of the Option Plan provided that (i) no such amendment, suspension or termination of the Plan or options granted thereunder shall be made, to the extent that such action would adversely affect the existing rights of any participant, without the consent of the participant; and (ii) any amendment of the Option Plan or options granted thereunder in respect of the matters below shall become effective only upon approval of the holders of a majority of the Common Shares such approval to be obtained in accordance with applicable regulatory requirements:

- (i) an increase in the maximum number of Common Shares which may be issued pursuant to the Option Plan;
- (ii) a reduction in the Exercise Price with respect to any option (other than as may result from general anti-dilution provisions of the Option Plan) or the cancellation of options for the purpose of reissuing them to the participant at a lower Exercise Price;
- (iii) an increase of the limits on the total number of Common Shares reserved for issuance under the Option Plan to any one person or to the insiders of the Corporation;
- (iv) an extension of the expiry date of an outstanding Option or amending the Option Plan beyond the expiry date, except as provided in the blackout period provisions of the Option Plan;
- (v) any expansion of the scope of persons eligible to participate in the Option Plan;
- (vi) any amendment to the transferability or assignability of the rights under an option other than for normal estate settlement purposes;
- (vii) the addition of any form of financial assistance, or amendments thereto, under the Option Plan;
- (viii) any extension of the term of an option beyond ten years after its Option Period (except as provided in the blackout period provisions of the Option Plan); or
- (ix) the addition of awards, other than options to be made under the Option Plan.

#### Change of Control

In the event of a sale by the Corporation of all or substantially all of its assets or in the event of a “change of control” (as that term is defined in the Option Plan) of the Corporation, then the optionholder shall be entitled to exercise in full or in part any unexercised options previously granted under the Option Plan, whether vested or not, either during the term of the options or within 90 days after the date of termination of the employment of the optionholder with the Corporation or any of its subsidiaries or the cessation or termination of the optionholder as a director, officer or consultant of the Corporation or any of its subsidiaries, whichever first occurs.

#### *Financial Instruments*

As part of the Corporation’s policy of insider trading, Named Executive Officers and directors are prohibited from, directly or indirectly, selling securities of the Corporation if he or she does not own or has not fully paid for the securities to be sold (short sales). In addition, the Named Executive Officers and directors are prohibited from trading in options on the Corporation’s securities (puts, calls, etc.). The Named Executive Officers and directors are not specifically prohibited from purchasing prepaid variable forward contracts, equity swaps or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities (or options in respect thereof) granted as compensation or held, directly or indirectly.

## **COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS**

### **Summary Compensation Table**

The following table sets forth, for the period indicated, the compensation earned by: (i) the President and Chief Executive Officer; (ii) the Senior Vice President, Finance and Chief Financial Officer, (iii) the three other most highly-compensated executive officers serving at December 31, 2014 whose total compensation for the financial year ended December 31, 2014 exceeded \$150,000 and (iv) each individual who would be a Named Executive Officer but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity at December 31, 2014. These individuals are referred to collectively as the “**Named Executive Officers**”.

Name and Principal Position	Year	Salary (\$)	Share based awards (\$) <sup>(1)</sup>	Option based awards (\$) <sup>(2)</sup>	Non-Equity incentive plan compensation (\$)			All Other Compensation (\$) <sup>(6)</sup>	Total (\$)
					Annual incentive plans <sup>(3)(4)</sup>	Long-term incentive plans <sup>(5)</sup>	Pension value (\$) <sup>(5)</sup>		
David J. Reid <i>President and Chief Executive Officer</i>	2014	400,000	178,000	240,265	-	-	-	77,468	895,733
	2013	390,000	110,016	142,109	85,000	-	-	67,279	704,404
	2012	375,000	174,640	119,612	60,000	-	-	70,255	799,507
Brian Kohlhammer <i>Senior Vice President, Finance and Chief Financial Officer</i>	2014	340,000	149,520	210,232	-	-	-	64,337	764,089
	2013	325,000	90,016	131,177	70,000	-	-	53,451	599,644
	2012	310,000	127,440	95,689	45,000	-	-	55,770	633,899
Rod Hume <i>Senior Vice President, Engineering</i>	2014	320,000	149,520	210,232	-	-	-	61,868	741,620
	2013	305,000	90,016	131,177	70,000	-	-	50,143	576,336
	2012	280,000	122,720	71,767	45,000	-	-	51,707	571,194
Tony Angelidis <i>Senior Vice President, Exploration</i>	2014	300,000	128,160	192,211	-	-	-	53,672	674,043
	2013	290,000	75,008	109,314	60,000	-	-	48,096	522,418
	2012	275,000	118,000	71,767	40,000	-	-	45,785	550,552
Michael Galvin <i>Vice President, Land</i>	2014	288,000	106,800	180,198	-	-	-	55,094	630,092
	2013	275,000	70,016	98,383	50,000	-	-	45,616	489,015
	2012	255,000	99,120	59,806	35,000	-	-	47,943	501,869

**Notes:**

- (1) The fair value of the RSU awards was determined based on the closing price of the Common Shares on the last business day immediately preceding the date of grant, being \$1.25 per RSU for grants in 2012, \$1.28 per RSU for grants in 2013 and \$3.56 per RSU for grants in 2014.
- (2) The Corporation has calculated the grant date fair value of the options granted to the Named Executive Officers using the Black-Scholes-Merton model. The Corporation chose this methodology because it is recognized as the most common methodology used for valuing options and doing value comparisons. The fair values of the options have been determined in accordance with International Financial Reporting Standards 2 (“IFRS 2”) – Share-based Payment. The assumptions used by the Corporation in the Black-Scholes-Merton Model for options granted on May 14, 2012 were (i) an initial average expected life of 3.3 years, (ii) an average forfeiture rate of 14.9 percent, (iii) an average historical volatility of 54.0 percent and (iv) an average risk free interest rate of 1.4 percent. The assumptions used by the Corporation in the Black-Scholes-Merton Model for options granted on April 25, 2013 were (i) an initial average expected life of 3.4 years, (ii) an average forfeiture rate of 14.2 percent, (iii) an average historical volatility of 47.2 percent and (iv) an average risk free interest rate of 1.1 percent. The assumptions used by the Corporation in the Black-Scholes-Merton Model for options granted on May 28, 2014 were (i) an initial average expected life of 3.4 years, (ii) an average forfeiture rate of 11.5 percent, (iii) an average historical volatility of 46.8 percent and (iv) an average risk free interest rate of 1.8 percent. The aggregate number of options held by each of the Named Executive Officers during the financial year ended December 31, 2014 is disclosed in the table “Outstanding Option-based and Share-based Awards”.
- (3) Annual bonuses for 2012 were paid in 2013 and bonuses for 2013 were paid in 2014.
- (4) The recommendations of the CG&C Committee for annual bonuses to Named Executive Officers for 2014 to be paid in 2015 had not been provided to or approved by the Board of Directors as of the filing date of the Information Circular.
- (5) Delphi does not sponsor or maintain any pension or retirement plan.
- (6) Represents the Corporation’s matching contributions under the ESSP in respect of contributions made by the Named Executive Officer, together with parking, health spending account and fitness allowance provided to the Named Executive Officer. See “Compensation Discussion & Analysis – Corporate Governance & Compensation Committee – Employee Stock Savings Plan” for a description of the ESSP. The value of perquisites received by the Named Executive Officers, including property or other personal benefits provided to Named Executive Officers that are not generally available to all employees were not, in the aggregate, worth \$50,000 or more or 10% or more of the respective Named Executive Officer’s total salary for 2012, 2013 or 2014.

## Outstanding Option-based and Share-based Awards

The following table sets forth for each Named Executive Officer all option-based awards outstanding at the end of the year ended December 31, 2014.

Name	Option-based awards				Share-based awards		
	Number of securities underlying unexercised options	Option exercise price(\$) <sup>(1)</sup>	Option expiration date	Value of unexercised in-the-money options(\$) <sup>(2)</sup>	Number of units of shares that have not vested	Market or payout value of share-based awards that have not vested(\$) <sup>(3)</sup>	Market or payout value of vested share-based awards not paid out or distributed(\$) <sup>(3)</sup>
David J. Reid	200,000	2.56	May 30, 2016	-	156,633	234,950	-
	115,000	1.50	October 6, 2016	-			
	125,000	1.23	May 14, 2017	33,750			
	325,000	1.26	April 25, 2018	78,000			
	200,000	3.47	May 28, 2019	-			
Brian Kohlhammer	180,000	2.56	May 30, 2016	-	124,883	187,325	-
	175,000	1.50	October 6, 2016	-			
	200,000	1.23	May 14, 2017	54,000			
	300,000	1.26	April 25, 2018	72,000			
	175,000	3.47	May 28, 2019	-			
Rod Hume	150,000	2.56	May 30, 2016	-	123,549	185,324	-
	160,000	1.50	October 6, 2016	-			
	150,000	1.23	May 14, 2017	40,500			
	300,000	1.26	April 25, 2018	72,000			
	175,000	3.47	May 28, 2019	-			
Tony Angelidis	42,500	2.56	May 30, 2016	-	108,400	162,600	-
	150,000	1.50	October 6, 2016	-			
	150,000	1.23	May 14, 2017	40,500			
	250,000	1.26	April 25, 2018	60,000			
	160,000	3.47	May 28, 2019	-			
Michael Galvin	150,000	2.56	May 30, 2016	-	94,467	141,701	-
	62,500	1.50	October 6, 2016	-			
	62,500	1.23	May 14, 2017	16,875			
	225,000	1.26	April 25, 2018	54,000			
	150,000	3.47	May 28, 2019	-			

**Notes:**

- (1) The grants with an exercise price of \$1.26 and \$3.47 vest 1/3 on each of the first three anniversaries following the date of grant and the grants with an exercise price of \$2.56, \$1.50 and \$1.23 vest 1/4 on each of the first four anniversaries following the date of grant.
- (2) Calculated based on the difference between the market price of the Common Shares underlying the options at December 31, 2014, the last trading day of the Corporation's financial year, and the exercise price of the options.
- (3) Calculated based on the market price of the Common Shares on December 30, 2014, the trading day immediately preceding the Corporation's financial year end.



### **Incentive Plan Disclosure - Value Vested/Earned During the Year**

The following table sets forth for each Named Executive Officer, the value of option-based and share-based awards which vested during the year ended December 31, 2014 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2014.

<b>Name</b>	<b>Option-based awards – Value vested during the year (\$)<sup>(1)</sup></b>	<b>Share-based awards – Value vested during the year (\$)<sup>(2)</sup></b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)<sup>(3)</sup></b>
David J. Reid	466,624	276,999	-
Brian Kohlhammer	412,475	210,449	-
Rod Hume	370,750	205,502	-
Tony Angelidis	340,212	187,736	-
Michael Galvin	295,938	163,685	-

**Notes:**

- (1) Calculated based on the difference between the market price of the Common Shares underlying the options at the vesting date during the year and the exercise price of the options.
- (2) Calculated based on the closing market price of the Common Shares immediately preceding the vesting date during the year.
- (3) The recommendations of the CG&C Committee for annual bonuses to Named Executive Officers for 2014 to be paid in 2015 had not been provided to or approved by the Board of Directors as of the filing date of the Information Circular.

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth information as at December 31, 2014 relating to Delphi's Option Plan, the only equity compensation plan maintained by Delphi pursuant to which equity securities are authorized for issuance.

<b>Plan Category</b>	<b>Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of Common Shares remaining available for future issuance under equity compensation plans</b>
Equity compensation plans approved by securityholders	12,731,002	\$1.92	2,816,702
Equity compensation plans not approved by securityholders <sup>(1)</sup>	-	-	-
<b>Total</b>	<b>12,731,002</b>	<b>\$1.92</b>	<b>2,816,702</b>

**Note:**

- (1) The Corporation's RSU Plan is not considered to be a security-based compensation arrangement under the TSX Company Manual as it does not involve the issuance or potential issuance of securities from treasury of the Corporation.

## **TERMINATION AND CHANGE IN CONTROL BENEFITS**

Delphi has entered into employment agreements with each of the Named Executive Officers. Pursuant to such employment agreements, each individual is entitled to: (i) an annual base salary and benefits; (ii) discretionary bonuses as determined by the Board; (iii) restricted share units; and (iv) stock options. Under each agreement, Delphi agrees to compensate each Named Executive Officer in the event of the termination of employment: (i) for any reason except just cause, normal retirement or permanent incapacity, and (ii) if the executive terminates employment by giving thirty days' notice to Delphi within one year of a change of control. A change in control is defined as an acquisition of more than 51% of the outstanding Common Shares of Delphi, or the merger with, or sale of substantially all of Delphi's assets to, another company.

Assuming that the triggering event occurred on December 31, 2014 for the scenarios outlined in the paragraph above: (a) Mr. Reid would be entitled to receive \$833,333 (being 25 months of salary), (b) Mr. Kohlhammer would be entitled to receive \$538,333 (being 19 months of salary), (c) Mr. Hume would be entitled to receive \$506,666 (being 19 months of salary), (d) Mr. Angelidis would be entitled to receive \$475,000 (being 19 months of salary) and (e) Mr. Galvin would be entitled to receive \$456,000 (being 19 months of salary). In addition, in each of the scenarios set forth above, all of the executive's unvested stock options and RSUs would become fully vested. Based on the Delphi share price on December 31, 2014, the Named Executive Officers collectively would earn \$521,625 in value on the vesting of these options. Based on the Delphi share price on December 30, 2014, the Named Executive Officers collectively would earn \$911,900 in value on the vesting of the RSUs.

Each of the employment agreements provide that the executive shall not during the term of his employment and thereafter disclose confidential information regarding the Corporation. The executive continues to owe the Corporation a duty of loyalty, good faith and avoidance of conflict of duty following termination of his employment.

## **DIRECTOR COMPENSATION**

Delphi compensates its directors who are not employees of Delphi in respect of their service as directors. The total compensation payable to non-management directors includes an annual retainer, attendance fees and equity-based compensation in the form of stock options. In 2014, each non-management director received an annual retainer of \$15,000 plus a fee of \$1,000 for each board meeting and \$750 for each committee meeting attended. In addition, directors are reimbursed for their actual out-of-pocket expenses incurred in connection with the performance of their duties as directors. The Chairmen of the Audit Committee, the Reserves Committee and the CG&C Committee each receive an additional \$7,500 annually for acting in that position. In October 2014, the Board of Directors approved an increase to the annual retainer and attendance fees to non-management directors. The non-management director annual retainer was increased to \$20,000 and the Audit Committee chair retainer was increased to \$10,000, effective January 1, 2015. The attendance fees for the members of the Audit Committee, the Reserves Committee and the CG&C Committee were increased to \$1,000 per meeting in order to align them with the existing Board meeting fee. For the fiscal year ended December 31, 2014, the aggregate compensation paid or payable to the directors of Delphi in respect of meetings of the Board of Directors and the committees thereof was \$169,250. During the year ended December 31, 2014, the Corporation did not grant stock options to its directors. Delphi did not grant any other form of compensation, other than the payment of the fees as outlined below. For details regarding attendance by directors at meetings of the Board and its various committees see Schedule "A".

Name	Fees earned (\$)	Option-based awards(\$) <sup>(1)</sup>	Total (\$)
Harry Campbell	23,500	-	23,500
Robert Lehodey	31,750	-	31,750
Stephen Mulherin	32,750	-	32,750
Andrew Osis	26,750	-	26,750
David Sandmeyer	28,250	-	28,250
Lamont Tolley	26,250	-	26,250

**Note:**

(1) In 2014, the Corporation did not grant stock options to its directors.

**Outstanding Option-based and Share-based Awards**

The following table sets forth for each non-employee director all option-based awards outstanding at the end of the year ended December 31, 2014. Delphi has not granted any share-based awards to its non-employee directors.

Option-based Awards <sup>(3)</sup>				
Name	Number of securities underlying unexercised options <sup>(1)</sup>	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(2)</sup>
Harry Campbell	75,000	2.67	April 15, 2015	-
	125,000	1.23	May 14, 2017	33,750
	150,000	1.26	April 25, 2018	36,000
Robert Lehodey	75,000	2.67	April 15, 2015	-
	125,000	1.23	May 14, 2017	33,750
	150,000	1.26	April 25, 2018	36,000
Stephen Mulherin	125,000	2.67	April 15, 2015	-
	125,000	1.23	May 14, 2017	33,750
	150,000	1.26	April 25, 2018	36,000
Andrew Osis	62,500	1.23	May 14, 2017	16,875
	110,000	1.26	April 25, 2018	26,400
David Sandmeyer	125,000	2.67	April 15, 2015	-
	125,000	1.23	May 14, 2017	33,750
	150,000	1.26	April 25, 2018	36,000
Lamont Tolley	75,000	2.67	April 15, 2015	-
	125,000	1.23	May 14, 2017	33,750
	150,000	1.26	April 25, 2018	36,000

**Notes:**

- (1) The grants with an exercise price of \$2.67 were granted on April 15, 2010 and vest 1/3 six months following the date of grant and an additional 1/3 on each of the first two anniversaries following the date of grant. The grants with an exercise price of \$1.23 were granted on May 14, 2012 and vest 1/4 on each of the first four anniversaries of the date of grant. The grants with an exercise price of \$1.26 were granted on April 25, 2013 and vest 1/3 on each of the first three anniversaries of the date of grant.
- (2) Calculated based on the difference between the market price of the Common Shares underlying the options at December 31, 2014, the last trading day of the Corporation's financial year and the exercise price of the options.

## Incentive Plan Disclosure - Value Vested/Earned During the Year

The following table sets forth for each non-employee director, the value of option-based and share-based awards which vested during the year ended December 31, 2014 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2014.

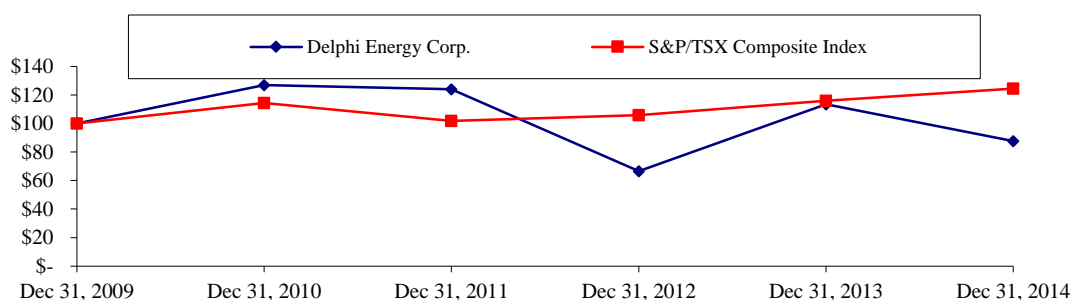
Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$) <sup>(2)</sup>	Non-equity incentive plan compensation – Value earned during the year (\$)
Harry Campbell	166,438	-	-
Robert Lehodey	166,438	-	-
Stephen Mulherin	166,438	-	-
Andrew Osis	166,438	-	-
David Sandmeyer	166,438	-	-
Lamont Tolley	166,438	-	-

### Notes:

- (1) Calculated based on the difference between the market price of the Common Shares underlying the options at the vesting date during the year and the exercise price of the options.
- (2) No share-based awards have been granted to non-employee directors.

## PERFORMANCE GRAPH

The following graph and table compare the yearly percentage change (converted into a fixed investment) in the cumulative Shareholder return on the Common Shares (assuming a \$100 investment was made on December 31, 2009, and assuming the reinvestment of dividends) with the cumulative total return of the S&P TSX Composite Index for the period which commenced on December 31, 2009 and ended on December 31, 2014, assuming reinvestment of dividends.



### Note:

- (1) The Common Shares of Delphi trade under the symbol "DEE". The closing price for the Common Shares on December 31, 2014, the last trading price of the Corporation's financial year was \$1.50.

	<b>Cumulative Total Return</b>				
	<b>Dec. 31, 2010</b>	<b>Dec. 31, 2011</b>	<b>Dec. 31, 2012</b>	<b>Dec. 31 2013</b>	<b>Dec. 31 2014</b>
Delphi Energy Corp.	127	124	67	113	88
S&P TSX Composite Index	114	102	106	116	125

The fundamental supply and demand equation for crude oil and natural gas is imbalanced as supply exceeds demand. North American natural gas storage levels continue to increase due to strong natural gas production rates and lower than expected heating demand this past winter. Global crude oil production has been increasing since the second quarter of 2014, primarily due to previously shut-in production from certain countries that are part of the Organization of the Petroleum Exporting Countries (“OPEC”) coming back online and a significant increase in production by non-OPEC countries, particularly, the United States. Global demand is impacted by a slowing economy in China and increased energy efficiency in developed nations. These factors have negatively impacted the amount of capital investment in crude oil and natural gas drilling. The Corporation’s CG&C Committee, when determining bonuses for the Named Executive Officers, takes into account the current economic conditions and individual and corporate performance along with other factors. Compensation for Named Executive Officers has increased but is not directly linked to the share price of the Common Shares.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

As at April 28, 2015, no director, executive officer, employee or former director, executive officer or employee of Delphi or its subsidiary or any associate of any such person, is now, or has been in the recently completed financial year, indebted to Delphi.

### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Management of the Corporation is not aware of any material interest, direct or indirect, of any director or nominee for director, or executive officer of the Corporation or anyone who has held office as such since the beginning of the Corporation’s last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting except as otherwise disclosed herein.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

To the knowledge of the directors and officers of the Corporation, there are no material interests, direct or indirect, of directors or executive officers of the Corporation or any Shareholder who beneficially owns, directly or indirectly, more than 10% of the outstanding Common Shares or any known associate or affiliate of such persons, in any transaction since the commencement of Delphi’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect Delphi.

As at April 28, 2015, the directors and officers of the Corporation and their associates or affiliates, as a group, beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 5,890,141 Common Shares, representing approximately 3.8% of the outstanding Common Shares.

Mr. Robert A. Lehodey, Q.C., a current director of the Corporation, is a partner of Osler, Hoskin & Harcourt LLP, which law firm provides legal services to the Corporation. The Board of Directors does not believe that the legal services undertaken by Mr. Lehodey, or Osler, Hoskin & Harcourt LLP on behalf of Delphi interfere or could be perceived to interfere, in any material manner with Mr. Lehodey’s ability to act with a view to the best interests of Delphi or the exercise of his independent judgment.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

Corporate governance relates to the activities of the Board of Directors and the structures, traditions and processes of leadership and stewardship that assign power and define roles and responsibilities governing communications with the Shareholders and ensure accountability.

The Board recognizes that effective corporate governance is critical to the continued and long-term success of Delphi. Delphi continues to update and modify its governance practices from time to time and is of the view that Delphi's general approach to corporate governance is appropriate and entirely consistent with the objectives required by applicable law, in particular, National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) and National Policy 58-201 – *Corporate Governance Guidelines* (“**NI 58-201**”). Information in respect of Delphi's corporate governance practices is set out in Schedule “A” to this Information Circular.

The governance policies and practices of Delphi have been developed under the guidance of the CG&C Committee of the Board. The CG&C Committee periodically reviews the governance policies and practices of Delphi to ensure that Delphi complies with all applicable legal requirements.

### **Board of Directors**

#### *Structure and Composition*

Delphi has proposed a board composed of eight directors, a size that Delphi believes is commensurate with the complexity of Delphi's business. NI 58-201 suggests that the board of directors should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director that has no material relationship, direct or indirect, with the issuer, which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.

Six of the eight directors nominated for election at the Meeting, being Messrs. Harry S. Campbell, Q.C., Robert A. Lehodey, Q.C., Andrew E. Osis, Lamont C. Tolley, Stephen W. C. Mulherin and David J. Sandmeyer are considered to be “independent” within the meaning of NI 58-101. Mr. David J. Reid and Mr. Tony Angelidis are not considered to be “independent” by virtue of their respective positions as President and Chief Executive Officer and Senior Vice President, Exploration of Delphi.

To ensure the independence of the Board in the discharge of its responsibilities, all of the committees of the Board are comprised of independent directors.

### **Board Committees**

The standing committees of the Board are an integral part of the governance structure of Delphi as they help to facilitate effective board decision-making by providing recommendations on matters within their respective responsibilities. The Board has three committees: the Audit Committee, the Reserves Committee and the CG&C Committee.

Members of Delphi management are regularly invited to participate in meetings of the Board committees in order to provide management insight and information for committee deliberations. As a matter of practice, the committees conduct a portion of their meetings without management representation to facilitate their functioning independently of management.

#### *Committee Composition*

The CG&C Committee, the Audit Committee and the Reserves Committee consist of a minimum of three directors. There is a requirement that all committee members be independent. The Board of Directors designates one member of each committee as its chair.

Each member of the Audit Committee is required to be “financially literate” as that term is defined in National Instrument 52-110 – *Audit Committees*. An individual is “financially literate” if he or she has 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 issuer's financial statements.

#### *Committee Meetings Membership*

Meetings of each committee are held throughout the year as required, and the Audit Committee meets in conjunction with the review and approval of news releases, annual and quarterly financial statements, management discussion and analysis and reports to Shareholders, and audit arrangements.

A summary of the activities and responsibilities of each of the committees is set out below.

#### *Audit Committee*

The Audit Committee has been established to assist the Board in carrying out its oversight responsibility for Delphi's internal controls, financial reporting and risk management processes. The Audit Committee is provided with the resources necessary to carry out its responsibilities. The Audit Committee and the external auditors meet at least quarterly without the presence of Delphi management to review areas of material disagreement, if any, between Delphi management and the external auditors or other issues of concern, including assessing annually the cooperation received by the auditors in the conduct of their audit and their access to all requested records, data and information. As necessary or desirable, any member of the Audit Committee may also request that the external auditors be present at any other meetings of the Audit Committee. The following are some of the responsibilities of the Audit Committee:

- Considering the integrity of Delphi's financial reporting process and system of internal controls regarding financial reporting and accounting compliance.
- Considering the independence and performance of Delphi's external auditors.
- Considering the external audit process and results.
- Discussing with management and the external auditors any proposed changes in major accounting policies or principles, the presentation and effect of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting.
- Reviewing with management and with the external auditors significant financial reporting issues, if any, arising during the most recent fiscal and interim period and the resolution or proposed resolution of such issues.
- Before release, reviewing and if appropriate, recommending for approval by the Board of Directors, all public disclosure documents containing audited or unaudited financial information.
- Pre-approving all non-audit services to be provided to Delphi or its subsidiary entities by its external auditors, or the external auditors of Delphi's subsidiary entities.

The Audit Committee is currently comprised of Messrs. Stephen W. C. Mulherin (Chairman), Andrew E. Osis and Lamont C. Tolley. Each of the members of the Audit Committee is independent and financially literate.

A description of certain matters relating to the Audit Committee is set forth under the heading "Audit Committee" in Delphi's AIF, a copy of which is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### *Reserves Committee*

The Reserves Committee has been established to assist the Board in carrying out its oversight responsibility for Delphi's reporting of its crude oil, natural gas and natural gas liquids reserves. The Reserves Committee is provided with the resources necessary to carry out its responsibilities. The Reserves Committee meets at least two times per year. As necessary or desirable, any member of the Reserves Committee may request that the independent reserves evaluator be present at any meetings of the Reserves Committee. The Reserves Committee is currently comprised of Messrs. David J. Sandmeyer (Chairman), Robert A. Lehodey and Lamont C. Tolley. Each of the members of the Reserves Committee is independent. The following are some of the responsibilities of the Reserves Committee:

- Considering the procedures for providing petroleum and natural gas reserves information to the qualified reserves evaluators to enable them to provide a report that will comply with applicable securities legislation.
- After consultation with Delphi's senior reserves personnel, recommending the appointment of independent and qualified reserves evaluators, as may be applicable, to report to the Board of Directors in respect of the evaluation and review of Delphi's petroleum and natural gas reserves, reserves data and related information and their related compensation.
- In consultation with Delphi's senior reserves personnel, determining the scope of the annual evaluation of the reserves by qualified reserves evaluators having regard to applicable securities legislation and industry practice.
- In consultation with Delphi's senior reserves personnel and the qualified reserves evaluators, determining whether any restrictions affect the ability of the qualified reserves evaluators to report on reserves data and review the reserves data.
- Making recommendations for the approval by the Board of the contents of the report from the engineers or senior reserves personnel on Delphi's petroleum and natural gas reserves data required to be filed under applicable securities legislation.

### *Corporate Governance & Compensation Committee*

The primary duties and responsibilities of the CG&C Committee are to review and make recommendations to the Board in respect of:

- All matters relating to corporate governance, including the stewardship role of the Board in respect of the management of the Corporation.
- Board size and composition, including the candidate selection process and the orientation of new members.
- Such procedures as may be necessary to allow the Board to function independently of management
- Appointing and compensating officers and approving succession plans for officers.
- Approving and reporting to the Board respecting the Corporation's human resources policies for officers.
- Considering the administration of the Corporation's compensation and benefits plans.

In carrying out its duties and responsibilities, the CG&C Committee:

- Assists in the development, monitoring and assessment of Delphi's overall approach to corporate governance issues, and, subject to the approval of the Board, oversees, in conjunction with and assistance from management, the implementation and administration of a system of corporate governance in accordance with applicable securities legislation and stock exchange rules.
- Periodically reviews and assists in the establishment of corporate goals and objectives relevant to the compensation package of the Chief Executive Officer and all other officers of Delphi.
- Considers periodically the terms of the Option Plan, the RSU Plan, the ESSP and all other benefit, incentive and other compensation plans of Delphi, including any amendments to such plans, and in consultation with management, recommends to the Board the establishment, review and approval of amendments from time to time, to such plans.



- Periodically reviews and makes a recommendation to the Board regarding the adequacy and form of the compensation of its members.

The CG&C Committee is currently comprised of Messrs. Robert A. Lehodey (Chairman), Harry S. Campbell and Andrew E. Osis, each of whom is independent.

#### *Meetings of the Board and the Committees*

The Board of Directors meet in person at least 4 times annually. The Board holds additional unscheduled meetings from time-to-time as business needs require. The Board held ten meetings in Delphi's last financial year.

Regular meetings of the committees are held throughout the year as required and the Audit Committee meets at least quarterly per year in conjunction with the review and approval of annual and quarterly financial statements, management discussion and analysis and reports to Shareholders.

Each committee can hold unscheduled additional meetings from time to time as business needs require or as may be requested by a member of the Board. The Audit Committee held four meetings in Delphi's last financial year. The Reserves Committee held two meetings in Delphi's last financial year. The CG&C Committee held two meetings in Delphi's last financial year.

For a summary of the attendance of each of the directors for the year ended December 31, 2014 for meetings of the Board and committees of which each was a member refer to Schedule "A" to this Information Circular.

#### **Code of Business Conduct**

Delphi has adopted a Code of Business Conduct (the "**Code**"), which applies to all employees, contractors, consultants and agents. The Code deals with the business conduct of the Corporation, particularly with respect to transactions in securities of the Corporation, potential conflicts of interest, the taking of corporate opportunities for personal benefit and competing with the Corporation. A copy of the Code may be obtained from the Secretary of Delphi at Suite 300, 500 – 4<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 2V6 or by facsimile at (403) 265-6207.

#### **ADDITIONAL INFORMATION**

Additional information relating to Delphi is available on the SEDAR website, which can be accessed at [www.sedar.com](http://www.sedar.com). Financial information of Delphi is provided in the comparative financial statements and management discussion and analysis of Delphi for the most recently completed financial year. Copies of the financial statements and management discussion and analysis of Delphi may be obtained from the Secretary of Delphi at Suite 300, 500 - 4th Avenue S.W., Calgary, Alberta T2P 2V6 or by facsimile at (403) 265-6207.

The governance practices of Delphi in relation to the disclosure requirements of NI 58-101, taking into account the particular structure of Delphi, are set out below:

Governance Disclosure Guideline under NI 58-101	Governance Procedures at Delphi																		
<i>Board of Directors</i>																			
<b>Disclose the identity of directors who are independent.</b>	The Board has determined that the following directors are "independent" within the meaning of NI 58-101:  Harry S. Campbell, Andrew E. Osis, Stephen W. C. Mulherin, Lamont C. Tolley, David J. Sandmeyer and Robert A. Lehodey.																		
<b>Disclose the identity of directors who are not independent, and describe the basis for that determination.</b>	Mr. David J. Reid is the President and Chief Executive Officer of Delphi. Mr. Tony Angelidis is the Senior Vice President, Exploration of Delphi. As such, the Board of Directors has determined that both are not "independent" for the purposes of NI 58-101 due to their positions as officers of the Corporation.																		
<b>Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors does to facilitate its exercise of independent judgment in carrying out its responsibilities.</b>	The Board has determined that six of eight of the Directors are "independent" within the meaning of NI 58-101.																		
<b>If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</b>	The following directors currently serving on the board of other issuers that are reporting issuers (or equivalent) are set out below:  <table border="0" data-bbox="651 1171 1554 1482"> <thead> <tr> <th data-bbox="651 1171 922 1199">Director</th> <th data-bbox="922 1171 1554 1199">Directorships</th> </tr> </thead> <tbody> <tr> <td data-bbox="651 1199 922 1226">David J. Reid</td> <td data-bbox="922 1199 1554 1226">N/A</td> </tr> <tr> <td data-bbox="651 1226 922 1253">Tony Angelidis</td> <td data-bbox="922 1226 1554 1253">N/A</td> </tr> <tr> <td data-bbox="651 1253 922 1281">Harry S. Campbell</td> <td data-bbox="922 1253 1554 1281">Freehold Royalties Ltd.,</td> </tr> <tr> <td data-bbox="651 1281 922 1308">Robert A. Lehodey</td> <td data-bbox="922 1281 1554 1308">N/A</td> </tr> <tr> <td data-bbox="651 1308 922 1335">Stephen W. C. Mulherin</td> <td data-bbox="922 1308 1554 1335">Veresen Inc., Trimac Transportation Ltd., Journey Energy Inc.</td> </tr> <tr> <td data-bbox="651 1335 922 1362">Andrew E. Osis</td> <td data-bbox="922 1335 1554 1362">N/A</td> </tr> <tr> <td data-bbox="651 1362 922 1390">David J. Sandmeyer</td> <td data-bbox="922 1362 1554 1390">Freehold Royalties Ltd., Anderson Energy Inc.</td> </tr> <tr> <td data-bbox="651 1390 922 1417">Lamont C. Tolley</td> <td data-bbox="922 1390 1554 1417">N/A</td> </tr> </tbody> </table>	Director	Directorships	David J. Reid	N/A	Tony Angelidis	N/A	Harry S. Campbell	Freehold Royalties Ltd.,	Robert A. Lehodey	N/A	Stephen W. C. Mulherin	Veresen Inc., Trimac Transportation Ltd., Journey Energy Inc.	Andrew E. Osis	N/A	David J. Sandmeyer	Freehold Royalties Ltd., Anderson Energy Inc.	Lamont C. Tolley	N/A
Director	Directorships																		
David J. Reid	N/A																		
Tony Angelidis	N/A																		
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Lamont C. Tolley	N/A																		
<b>Disclose whether or not the independent directors hold regularly scheduled meetings at which members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.</b>	<i>In camera</i> sessions of the directors are held in conjunction with every regular meeting of the Board. The independent members of the Board have an opportunity to meet, in conjunction with every regular meeting of the Board, without the members of the Board who are not independent. All of the members of the committees of the Board are independent directors and management is not present for a portion of such meetings.  The independent members of the Board are authorized to retain independent financial, legal and other experts as required whenever, in their opinion, matters come before the Board which require an independent analysis by the independent members of the Board.																		

Governance Disclosure Guideline under NI 58-101	Governance Procedures at Delphi																																													
<p><b>Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is independent, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.</b></p>	<p>The Board has not formally appointed a chairman to act in that capacity at meetings of the Board. Mr. Robert Lehodey acts in the capacity of lead director and is “independent” within the meaning of NI 58-101.</p>																																													
<p><b>Disclose the attendance record of each director for all board meetings held since the beginning of the issuer’s most recently completed financial year.</b></p>	<p><b>Summary of Attendance of Directors for the Year Ended December 31, 2014</b></p> <table border="1" data-bbox="656 653 1507 1150"> <thead> <tr> <th data-bbox="656 653 906 814">Director</th> <th data-bbox="906 653 1045 814">Board of Directors (8 Meetings)</th> <th data-bbox="1045 653 1187 814">Audit Committee (4 Meetings)</th> <th data-bbox="1187 653 1333 814">Reserves Committee (2 Meetings)</th> <th data-bbox="1333 653 1507 814">Corporate Governance and Compensation Committee (2 Meetings)</th> </tr> </thead> <tbody> <tr> <td data-bbox="656 814 906 852">David J. Reid</td> <td data-bbox="906 814 1045 852">8/8</td> <td data-bbox="1045 814 1187 852">-</td> <td data-bbox="1187 814 1333 852">-</td> <td data-bbox="1333 814 1507 852">-</td> </tr> <tr> <td data-bbox="656 852 906 890">Tony Angelidis</td> <td data-bbox="906 852 1045 890">8/8</td> <td data-bbox="1045 852 1187 890">-</td> <td data-bbox="1187 852 1333 890">-</td> <td data-bbox="1333 852 1507 890">-</td> </tr> <tr> <td data-bbox="656 890 906 928">Harry S. Campbell</td> <td data-bbox="906 890 1045 928">8/8</td> <td data-bbox="1045 890 1187 928">-</td> <td data-bbox="1187 890 1333 928">-</td> <td data-bbox="1333 890 1507 928">2/2</td> </tr> <tr> <td data-bbox="656 928 906 966">Robert A. Lehodey</td> <td data-bbox="906 928 1045 966">7/8</td> <td data-bbox="1045 928 1187 966">-</td> <td data-bbox="1187 928 1333 966">2/2</td> <td data-bbox="1333 928 1507 966">2/2</td> </tr> <tr> <td data-bbox="656 966 906 1003">Andrew E. Osis</td> <td data-bbox="906 966 1045 1003">8/8</td> <td data-bbox="1045 966 1187 1003">4/4</td> <td data-bbox="1187 966 1333 1003">-</td> <td data-bbox="1333 966 1507 1003">2/2</td> </tr> <tr> <td data-bbox="656 1003 906 1041">Lamont C. Tolley</td> <td data-bbox="906 1003 1045 1041">8/8</td> <td data-bbox="1045 1003 1187 1041">4/4</td> <td data-bbox="1187 1003 1333 1041">1/2</td> <td data-bbox="1333 1003 1507 1041">-</td> </tr> <tr> <td data-bbox="656 1041 906 1079">Stephen W. C. Mulherin</td> <td data-bbox="906 1041 1045 1079">8/8</td> <td data-bbox="1045 1041 1187 1079">4/4</td> <td data-bbox="1187 1041 1333 1079">-</td> <td data-bbox="1333 1041 1507 1079">-</td> </tr> <tr> <td data-bbox="656 1079 906 1117">David J. Sandmeyer</td> <td data-bbox="906 1079 1045 1117">5/8</td> <td data-bbox="1045 1079 1187 1117">-</td> <td data-bbox="1187 1079 1333 1117">2/2</td> <td data-bbox="1333 1079 1507 1117">-</td> </tr> </tbody> </table>	Director	Board of Directors (8 Meetings)	Audit Committee (4 Meetings)	Reserves Committee (2 Meetings)	Corporate Governance and Compensation Committee (2 Meetings)	David J. Reid	8/8	-	-	-	Tony Angelidis	8/8	-	-	-	Harry S. Campbell	8/8	-	-	2/2	Robert A. Lehodey	7/8	-	2/2	2/2	Andrew E. Osis	8/8	4/4	-	2/2	Lamont C. Tolley	8/8	4/4	1/2	-	Stephen W. C. Mulherin	8/8	4/4	-	-	David J. Sandmeyer	5/8	-	2/2	-
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David J. Sandmeyer	5/8	-	2/2	-																																										
<p><b><u>Mandate of the Board of Directors</u></b></p>	<p>The Board is responsible for the stewardship and oversight of the business and affairs of the Corporation.</p> <p>The responsibilities and obligations of the Board are set forth in a written mandate of the Board, a copy of which is attached hereto as Schedule “B”. The Board annually reviews its mandate and considers and effects changes as appropriate.</p>																																													
<p><b>Disclose the text of the board’s written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.</b></p>																																														

Governance Disclosure Guideline under NI 58-101	Governance Procedures at Delphi
<b><i>Position Descriptions</i></b>	
<p><b>Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.</b></p>	<p>The Board has developed written position descriptions for the Chair of each of the Audit Committee, Reserves Committee and the CG&amp;C Committee. The primary role of the chair of each committee is managing the affairs of the committee, including ensuring that the committee is organized properly, functions effectively and meets its obligations and responsibilities.</p> <p>The Chair of the Audit Committee also maintains on-going communications with the Corporation's external auditors in order to lead the committee in performing its oversight and other audit-related functions.</p> <p>For further information regarding the Corporation's Audit Committee, including the relevant education and experience of the committee members, see the Corporation's AIF for the financial year ended December 31, 2014 which can be accessed on the SEDAR website at <a href="http://www.sedar.com">www.sedar.com</a>.</p>
<p><b>Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.</b></p>	<p>The Board has developed a written position description for the CEO of the Corporation.</p>
<b><i>Orientation and Continuing Education</i></b>	
<p><b>Briefly describe what measures the board takes to orient new directors regarding (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer's business.</b></p>	<p>New members of the Board are provided with material necessary for them to be properly informed as to the business and operations of the Corporation. New members of the Board are also provided with the opportunity to have meetings and discussions with senior management and other members of the Board. The details of the orientation of each new member are tailored to that member's individual needs, requests and areas of interest.</p>
<p><b>Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</b></p>	<p>The Corporation undertakes informal ongoing education efforts that include meetings with management of the Corporation and regular industry updates with the Board to discuss developments in the industry and market conditions. Continuing education opportunities are directed at enabling individual directors to maintain or enhance their skills and abilities as directors and that their knowledge and understanding of the Corporation's affairs remains current.</p>

Governance Disclosure Guideline under NI 58-101	Governance Procedures at Delphi
<b><i>Ethical Business Conduct</i></b>	
<p><b>Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code: (i) disclose how a person or company may obtain a copy of the code; (ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and (iii) provide a cross-reference to any material change report filed since the beginning of the issuer’s most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</b></p>	<p>The Corporation has formalized a Code of Business Conduct (“Code”). The Code reflects the ethical manner in which directors and employees currently operate the business and affairs of the Corporation.</p> <p>A copy of the Code may be obtained from the Secretary of Delphi at Suite 300, 500 – 4<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 2V6 or by facsimile at (403) 265-6207.</p>
<p><b>Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.</b></p>	<p>Directors should not enter into any transaction or engage in any practice directly or indirectly, which would tend to influence them to act in any manner other than in the best interests of the Corporation.</p> <p>Each director must disclose all actual or potential conflicts of interest and refrain from voting on matters in which such director has a conflict of interest. In addition, the director must excuse himself or herself from any discussion or decision on any matter in which the director is precluded from voting as a result of a conflict of interest.</p>
<p><b>Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.</b></p>	<p>The Board promotes a culture consistent with ethical business practices and conducts itself with a view to setting the appropriate tone from the top for all employees.</p>
<b><i>Nomination of Directors</i></b>	
<p><b>Describe the process by which the board identifies new candidates for board nomination.</b></p>	<p>The CG&amp;C Committee serves as the nominating committee of the Board. It identifies potential candidates and reviews the qualifications of potential candidates for the Board. In particular, it assesses, among other factors, industry experience, functional expertise, financial literacy and expertise, board experience and diversity of background. It also considers potential conflicts arising in connection with candidates for the Board. Upon such review, and after conducting appropriate due diligence, the CG&amp;C Committee makes recommendations on candidates to the Board.</p>
<p><b>Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.</b></p>	<p>The CG&amp;C Committee of the Board of Directors serves as the nominating committee of the Board and is composed of three independent directors.</p>
<p><b>If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</b></p>	<p>The CG&amp;C Committee has been established to assist the Board in reviewing and making recommendations to the Board in respect of, among other things, the nomination of candidates for election to the Board. The CG&amp;C Committee is composed of three independent directors.</p> <p>For further information concerning the responsibilities, powers and operation of the CG&amp;C Committee, see “Statement of Corporate Governance Practices – Board Committees – Corporate Governance &amp; Compensation Committee” in this Information Circular.</p>

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<u>Compensation</u>	
Describe the process by which the board determines the compensation for the issuer's directors and officers.	The Board has established the CG&C Committee and delegated to it the responsibility of annually reviewing and approving the compensation paid by the Corporation to directors, officers and employees of the Corporation. The CG&C Committee's review of compensation to directors, officers and employees includes a consideration of all forms of compensation paid, both with regards to the expertise and experience of each individual and in relation to industry peers.
Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.	The Board has established the CG&C Committee, which is composed of three independent directors.
If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	<p>The primary duties and responsibilities of the CG&amp;C Committee are to review and make recommendations to the Board in respect of: (i) human resources policies, practices and structure; (ii) compensation policies and guidelines; (iii) management incentive and perquisite plans; (iv) senior management, executive and officer compensation; (v) management succession plans, management training and development plans, termination policies and termination arrangements; (vi) Board compensation; and (vii) matters of corporate governance.</p> <p>The committee is composed of at least three independent directors and meets as it determines appropriate but at least one time annually. Members of management and other parties may attend meetings at the request of the committee; however, the committee holds an <i>in camera</i> session at each meeting.</p> <p>For further information concerning the responsibilities, powers and operation of the Corporate Governance and Compensation Committee, see "Statement of Corporate Governance Practices – Board Committees – Corporate Governance &amp; Compensation Committee" in this Information Circular.</p>
<u>Other Board Committees</u>	
If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	The Board also has a Reserves Committee. The function of the Reserves Committee is to assist the Board in carrying out its oversight responsibility with respect to public reporting related to Delphi's petroleum and natural gas reserves reporting and risk management.
<u>Assessments</u>	
Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.	<p>The CG&amp;C Committee conducts annual assessments of the overall performance, effectiveness and contribution of the Board, each committee, and each director and reports on such assessments to the Board.</p> <p>The objective of the assessments is to ensure the continued effectiveness of the Board in the execution of its responsibilities and to contribute to a process of continuing improvement. In addition to any other matters the CG&amp;C Committee deems relevant, the assessments will consider in the case of the Board or a committee, the applicable mandate or charter, and in the case of individual directors, the applicable position descriptions, as well as the competencies and skills each individual director is expected to bring to the Board.</p>

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<u>Director Term Limits and Other Mechanisms of Board Renewal</u>	
<p>Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.</p>	<p>The Corporation has not implemented term limits for its directors. The Corporation values the comprehensive knowledge of the Corporation and its operations that long serving directors possess and the contribution that this makes to the Board as a whole. The CG&amp;C Committee, in proposing nominees to the Board, will take into consideration whether any Board renewal is necessary.</p>
<u>Policies Regarding the Representation of Women on the Board</u>	
<p>Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so. If an issuer has adopted such a policy, disclose the following in respect of the policy: (i) a short summary of its objectives and key provisions, (ii) the measures taken to ensure that the policy has been effectively implemented, (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.</p>	<p>The Corporation has not adopted a formal Board diversity policy for determining its composition but the Corporation believes Board diversity is considered to be made up of a number of sources, including but not limited to gender, age, race, cultural and educational background, professional experience, skills, knowledge, regional and industry experience and length of service. While diversity is a key critical consideration, all Board appointments are made on merit, in the context of skills, experience, independence and knowledge which the Board as a whole requires to be effective.</p> <p>The CG&amp;C Committee reviews and assesses Board composition and recommends the appointment of new directors.</p>
<u>Consideration of the Representation of Women in the Director Identification and Selection Process</u>	
<p>Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.</p>	<p>The Board recognizes the benefits of having a diverse Board to enhance the quality of its performance. As described above, gender is one of the elements of diversity the CG&amp;C Committee considers when reviewing and assessing Board composition and recommending appointments of new directors.</p>

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<u>Consideration Given to the Representation of Women in Executive Officer Appointments</u>	
<p>Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.</p>	<p>The Board also recognizes the benefits of having diversity amongst executive officers to enhance the quality of the Corporation's performance. As with appointments to the Board, gender is one of the elements of diversity the Board, the CG&amp;C Committee and management consider in making or recommending, as applicable, the appointment of executive officers.</p>
<u>Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions</u>	
<p>Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.</p>	<p>The Corporation has not adopted a target regarding women on the Board. The focus is on attracting the competencies that best meet the needs of the Board at any point in time. In reviewing Board composition, the CG&amp;C Committee, will consider all aspects of diversity including, but not limited to, gender. While Board diversity is a key critical consideration, all Board appointments are made on merit, in the context of skills, experience, independence and knowledge which the Board as a whole requires to be effective.</p>
<p>Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.</p>	<p>The Corporation has not adopted a target regarding women in executive officer positions. The focus is on attracting the competencies that best meet the needs of the Corporation at any point in time, while considering and honouring the guiding principle of fair representation of women at all levels of the organization. The Corporation takes the approach of continually striving to improve through the creation and implementation of policies and the fostering of a culture that is encouraging and accepting of diversity, rather than setting targets.</p>
<p>If the issuer has adopted a target referred to above, disclose: (i) the target, and (ii) the annual and cumulative progress of the issuer in achieving the target.</p>	N/A
<u>Number of Women on the Board and in Executive Officer Positions</u>	
<p>Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.</p>	There are no (0%) members of the Board who are women.
<p>Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.</p>	There are no (0%) executive officers who are women.



**Policy Statement**

Delphi Energy Corp. (the "**Corporation**") has established this mandate for the Board of Directors (the "**Board**") of the Corporation to assist it in fulfilling its responsibility to oversee the business and affairs of the Corporation and the activities of management who are responsible for the day to-day conduct thereof.

**Composition**

A majority of the directors shall be resident Canadian and shall be "independent" as such term is defined in Section 1.4 of *Multilateral Instrument 52-110 - Audit Committees* and any other applicable securities legislation.

**Meetings**

1. The Board will meet at least four times annually and at such other times as it considers necessary for the purpose of governing the business and affairs of the Corporation. In addition the Board will meet separately at least once each year or as part of one or more of its other meetings to review the longer term strategies and prospects of the Corporation.
2. Information and data that is important to the Board's understanding of the business and affairs of the Corporation should be distributed by management to the Board on a timely basis in advance of the meetings. Care should be taken to ensure that the Board is not called upon too late in the decision making process.
3. As a general rule presentations on specific subjects should be sent by management to the Board members in advance so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the material.
4. The President and Chief Executive Officer (the "**CEO**") will be responsible for the extent and quality of the information sent to members of the Board.
5. Senior management should be invited to attend the Board meetings as appropriate to expose the directors to key members of management and to provide additional insight into the items being considered by the Board.
6. The Board will hold in camera sessions without management or any other individuals present, at every Board meeting.

**General Responsibilities**

The Board has the responsibility to oversee management of the Corporation with a view to ensuring legal requirements have been met, and documents and records have been properly prepared, approved and maintained.

1. The Board will review and approve the quarterly and annual financial statements of the Corporation and the communication of such results and operations to the shareholders.
2. The Board will oversee the overall development of the business of the Corporation by reviewing, discussing and approving the Corporation's strategic planning and organizational structure for the purposes of growth and preservation of the business of the Corporation and its underlying value.
3. The Board will be responsible for the appointment of the Chief Executive Officer and all other senior management and approving their compensation.
4. The Board will oversee that succession planning programs are in place, including programs to train and develop management.

5. The Board will consider management's procedures for risk management and mitigation, communication, safety and environment, and internal control of the Corporation.
6. The Board may discharge its responsibility for overseeing the management of the Corporation's business and affairs, by delegating to management the day to day responsibility for the same and by reserving certain powers to itself. The Board will retain the responsibility of managing its own affairs and procedures, including selecting a Chairman or the lead director of the Board, if any, nominating candidates for election to the Board, constituting committees of the Board and determining director compensation. Notwithstanding the foregoing general responsibilities, the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board, subject to the articles and by-laws of the Corporation, applicable securities legislation and the *Business Corporations Act* (Alberta).

### **Specific Duties**

To carry out its general responsibilities, the Board will, as it determines appropriate from time to time:

1. Legal Requirements
  - (a) endeavour to ensure the Corporation meets its legal requirements and properly prepares, approves and maintains its documents and records;
  - (b) oversee the management of the business and affairs of the Corporation;
  - (c) act honestly and in good faith with a view to the best interest of the Corporation;
  - (d) exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances;
  - (e) act in accordance with its obligations contained in the *Business Corporation Act* (Alberta) and the regulations thereto, the Corporation's articles and by-laws, and other relevant legislation and regulations;
  - (f) comply with applicable statutory duties and obligations set out in applicable legislation;
  - (g) consider the following matters as a full Board which in law may not be delegated to management or to the committee of the Board:
    - i. any submission to the shareholders of a question or matter requiring the approval of the shareholders;
    - ii. filling of a vacancy among the Board;
    - iii. issuance of securities;
    - iv. declaration of dividends;
    - v. purchase, redemption or any other form of acquisition by the Corporation of securities issued by the Corporation;
    - vi. payment of a commission to any person in consideration of his/her purchasing or agreeing to purchase securities of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchases for any such securities;
    - vii. approval of management proxy circulars;
    - viii. approval of any take-over bid circular or directors' circular;

- ix. approval of public financial statements of the Corporation; and
  - x. adoption, amendment or repeal of any by-laws of the Corporation; and
  - (h) review and obtain assurance from management and the Corporation's independent engineering firm that the Corporation's disclosure of oil and gas reserves and future net revenue complies with applicable securities legislation, which in law may be delegated to a committee of the Board, subject to the requirement that the full Board meet with any such committee and review and approve the content and filing of such disclosure in accordance with *National Instrument 51-101- Standards of Disclosure for Oil and Gas Activities* and applicable securities legislation.
2. Governance
- (a) oversee the implementation of appropriate structures and procedures to permit the Board to function independently of management; and
  - (b) in consultation with management, be aware of and consider whether the Corporation complies with applicable securities legislation or polices of any stock exchange on which the Corporation's securities are listed for trading regarding corporate governance.
3. Strategic and Budgetary Oversight
- (a) review and approve any strategic plan, prepared by management with the input and oversight of the Board; and
  - (b) review and approve the Corporation's annual capital budget and any variations or supplements thereto.
4. Managing Risk
- (a) in consultation with management, understand the principal risks of the Corporation's business, oversee the achievement of a proper balance between risks incurred by the Corporation and the potential return of shareholders, and review the systems in place to effectively monitor and manage those risks with a view to the long-term viability of the Corporation.
5. Appointment, Training and Monitoring Senior Management
- (a) appoint the CEO, monitor and assess CEO performance, determine CEO compensation, and provide advice and counsel in the execution of the CEO's duties;
  - (b) approve the appointment and remuneration of all officers of the Corporation;
  - (c) consider whether adequate provision has been made for training and developing management and for the orderly succession of management; and
  - (d) consider the integrity of the CEO and other officers and that the CEO and other officers create a culture of integrity throughout the Corporation.
6. Reporting and Communication
- (a) satisfy itself that the Corporation has in place policies and programs to enable the Corporation to communicate with its shareholders, other stakeholders and the public generally;

- (b) review the resources and procedures in place such that the financial performance of the Corporation is reported to shareholders, other security holders and regulators on a timely and regular basis;
- (c) review and, if applicable, obtain assurance from management and the auditors that the financial results are reported in accordance with applicable legislation;
- (d) consider procedures for the timely reporting of any other developments that have a significant and material effect on the value of the Corporation; and
- (e) report annually to shareholders on the Board's stewardship of the affairs of the Corporation for the preceding year.

7. Monitoring and Acting

- (a) make reasonable efforts to consider whether the Corporation operates within applicable legislation and to proper ethical and moral standards;
- (b) approve environmental policies and periodically consider the application of appropriate environmental standards and legislation on the operations of the Corporation;
- (c) approve health and safety policies and periodically consider the application of appropriate programs for the health and safety of its employees in the workplace;
- (d) consider the Corporation's progress towards its goals and objectives and, if necessary, revise and alter its direction through management in response to changing circumstances;
- (e) take appropriate action when performance falls materially short of the Corporation's goals and objectives or when other special circumstances warrant;
- (f) consider the implementation of adequate internal control and information systems designed to ensure the effective discharge of the Board's responsibilities; and
- (g) consider the Corporations' internal control and information systems after implementation.

**Other**

1. The Board may perform any other activities consistent with this mandate, the Corporation's by-laws or any other governing laws as the Board determines necessary or appropriate.
2. Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Board 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 by such persons or organizations, and (iii) representations made by management, independent counsel, and other advisors and experts to the Corporation and its subsidiaries.

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