DELPHI ENERGY CORP.

THIRD QUARTER

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

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Third Quarter 2015 Highlights

- Generated funds from operations of $10.1 million and realized net earnings of $10.7 million in the third quarter of 2015;
- Closed the disposition of its Wapiti assets for gross proceeds of $50.0 million. The proceeds were applied against the Company's outstanding bank indebtedness and subordinated debt;
- Negotiated the sale of the Company's greater Hythe area and subsequent to quarter end entered into a purchase and sale agreement for gross proceeds of $12.0 million. The sale closed on November 2, 2015 and the proceeds from the disposition have been applied against the Company's outstanding bank indebtedness;
- Completed one (0.83 net) horizontal Montney well that was drilled in the first quarter of 2015 and drilled and completed one (0.83 net) horizontal Montney well in the quarter;
- Constructed injection facilities on the previously acquired water disposal well with water injection operations commencing subsequent to the end of the third quarter;
- Maintained Montney natural gas liquids ("NGL") and field condensate yields at 91 barrels per million cubic feet ("bbls/mmcf") in the third quarter of 2015. Field and plant condensate yield was 57 bbls/mmcf or 63 percent of the total 91 bbls/mmcf;
- Realized gains of $8.3 million from commodity price risk management contracts in the third quarter of 2015; and
- At September 30, 2015, Delphi's risk management contracts had a mark to market value of $22.4 million.

Financial Highlights ($ thousands except per unit amounts)

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	% Change	**2015**	2014	% Change
Crude oil and natural gas sales	**16,234**	35,117	(54)	**61,674**	128,336	(52)
Realized sales price per boe	**33.77**	38.69	(13)	**29.69**	42.82	(31)
Funds from operations	**10,070**	14,221	(29)	**29,576**	49,290	(40)
Per boe	**13.89**	16.34	(15)	**11.19**	17.96	(38)
Per share – Basic	**0.06**	0.09	(33)	**0.19**	0.32	(41)
Per share – Diluted	**0.06**	0.09	(33)	**0.19**	0.31	(39)
Net earnings (loss)	**10,670**	12,163	(12)	**(19,441)**	18,325	(206)
Per boe	**14.70**	13.97	5	**(7.35)**	6.68	(210)
Per share – Basic	**0.07**	0.08	(13)	**(0.13)**	0.12	(208)
Per share – Diluted	**0.07**	0.08	(13)	**(0.13)**	0.11	(218)
Capital invested	**20,951**	29,350	(29)	**41,267**	83,999	(51)
Disposition of properties	**(43,397)**	(15,964)	172	**(53,866)**	(15,964)	237
Net capital invested	**(22,446)**	13,386	(268)	**(12,599)**	68,035	(119)
Acquisition of undeveloped properties	**-**	8,800	(100)	**-**	8,800	(100)
Total capital invested	**(22,446)**	22,186	(201)	**(12,599)**	76,835	(116)

	September 30, 2015	December 31, 2014	% Change
Net debt [(1)]	**129,161**	173,655	(26)
Total assets	**410,040**	481,749	(15)
Shares outstanding (000's)			
Basic	**155,510**	155,477	-
Diluted	**167,688**	168,208	-

(1) Defined as the sum of long term and subordinated debt plus (minus) the working capital deficit (surplus) excluding the current portion of the fair value of financial instruments.

Operational Highlights

	Three Months Ended September 30			Nine Months Ended September 30		
Production	**2015**	2014	% Change	**2015**	2014	% Change
Field condensate (bbls/d)	**1,192**	1,227	(3)	**1,383**	1,348	3
Natural gas liquids (bbls/d)	**1,045**	1,356	(23)	**1,439**	1,551	(7)
Crude oil (bbls/d)	**6**	169	(96)	**34**	210	(84)
Total crude oil and natural gas liquids	**2,243**	2,752	(18)	**2,856**	3,109	(8)
Natural gas (mcf/d)	**33,871**	40,251	(16)	**40,998**	41,646	(2)
Total (boe/d)	**7,888**	9,461	(17)	**9,689**	10,050	(4)

MESSAGE TO SHAREHOLDERS

The commodity price environment continues to be very challenging with crude oil prices averaging US $46.44 per barrel during the third quarter of 2015, down 52 percent from the comparative quarter of the previous year and down 20 percent from the second quarter of 2015. Edmonton light crude oil prices were down slightly less at 42 percent and 17 percent versus the comparative period of 2014 and the second quarter of 2015, respectively. The reductions in Edmonton light oil prices were positively influenced by a further devaluation of the Canadian dollar against the US dollar. Delphi's commodity price risk management program continues to be an integral part of its financial strategy to protect funds from operations during periods of price volatility. Despite the drop in crude oil prices, the Company received Cdn $95.05 per barrel for its condensate production in the third quarter of 2015, including a realized risk management gain of $19.74 per barrel for maturing contracts in the period and $22.46 per barrel on the unwinding of several condensate related risk management contracts for the period January 1, 2017 – December 31, 2018.

In the third quarter of 2015, Canadian natural gas prices were lower by 28 percent at $2.90 per mcf as compared to the comparative quarter of 2014 but higher than the second quarter of 2015 by nine percent. Delphi's realized natural gas price for the third quarter of 2015 was $3.83 per mcf, a decrease of six percent from the comparative period of 2014. In the third quarter of 2015, Delphi's realized natural gas price was reduced by $0.62 per mcf as a result of selling approximately 19 percent of its natural gas volumes at CREC pricing due to constraints on the TransCanada and Alliance pipelines. Similar to condensate pricing, the Company's realized natural gas price was positively influenced by its risk management program and includes a realized risk management gain of $0.73 per mcf for maturing contracts in the period and $0.48 per mcf on the unwinding of several natural gas risk management contracts for the period December 1, 2015 to December 31, 2016.

Production volumes in the third quarter of 2015 averaged 7,888 boe/d, a 17 percent decrease over the comparative quarter in 2014 and 23 percent decrease from the second quarter of 2015. Production volumes primarily decreased due to the disposition of the Company's Wapiti CGU on July 22, 2015, a decrease of approximately 840 boe/d for the quarter, as well as TransCanada pipeline restrictions and the Alliance pipeline force majeure for an incremental reduction of approximately 750 boe/d of production downtime during the quarter. Natural declines in the quarter were partially offset by the production start-up of two gross (1.7 net) Montney wells which were brought on stream later the third quarter.

Delphi's production portfolio for the third quarter of 2015 was weighted 15 percent to field condensate, 13 percent to natural gas liquids and 72 percent to natural gas. This compares to a production portfolio for the comparative quarter in 2014 weighted 13 percent to field condensate, 14 percent to natural gas liquids, two percent to crude oil and 71 percent to natural gas. On a revenue basis for the third quarter of 2015, the production portfolio remained almost equally weighted, with 46 percent of the revenue generated from the condensate and natural gas liquids volumes. The CREC pricing decreased natural gas revenue in the third quarter of 2015 by $1.9 million and $5.0 million for the nine months ending September 30, 2015.

Funds from operations in the third quarter of 2015 were $10.1 million or $0.06 per basic and diluted share, compared to $14.2 million or $0.09 per basic and diluted share in the comparative quarter of 2014. The decrease in funds from operations in the third quarter of 2015 as compared to the same quarter in 2014 is primarily due to lower production volumes and a lower cash netback for the quarter as the decrease in realized revenue per boe from lower commodity prices was only partially offset by reduced cash costs. While revenue per boe was down $4.92 per boe versus the same quarter of 2014, royalty costs per boe were down 63 percent, $3.66 per boe, from the comparative quarter of 2014 with operating costs per boe higher by 13 percent, $1.20 per boe, as fixed costs were spread over lower production volumes. The absolute amount of operating costs in the third quarter of 2015 were down $1.0 million or 12 percent from the second quarter of 2015 with the disposition of Wapiti representing $0.6 million of this reduction.

During the third quarter of 2015, Delphi invested $21.0 million primarily on drilling and completions. Delphi drilled two gross (1.9 net) wells and performed completion operations on three gross (2.7 net) wells in its Bigstone area. The Company also invested $2.3 million in its water disposal facility which was commissioned in October. In the third quarter, the Company closed the disposition of its Wapiti assets for net proceeds of $48.8 million, of which a $10.0 million deposit was received in the second quarter of 2015. In addition, Delphi received proceeds of $4.6 million in exchange for a gross overriding royalty on two gross wells completed during the quarter as part of its latest five well gross overriding royalty arrangement.

At September 30, 2015, the Company had $115.4 million outstanding under its senior credit facility and $13.8 million outstanding under its subordinated credit facility for net debt of $129.2 million and was in compliance with all covenants of the credit facilities. Total net debt has decreased by $51.5 million from $180.7 million at March 31, 2015, primarily from the disposition of the Company's Wapiti assets, which closed on July 22, 2015. The proceeds were applied to the Company's outstanding indebtedness with $44.0 million repaid on the senior credit facility and $6.0 million repaid on the subordinated credit facility. At September 30, 2015, the Company's net debt to funds from operations ratio was 3.2:1.

Operations Update

Delphi has completed the drilling of its fifth horizontal Montney well of 2015 at 14-24-60-23W5 ("14-24"). The 14-24 well (0.83 net) was drilled to a total depth of 5,560 metres with a horizontal lateral length of 2,602 metres. The well was drilled from spud to total depth in 28 days, a near record pace for Delphi's horizontal Montney wells. Gross final costs for the drilling and liner setting operation are estimated at a Company record of $3.8 million. Completion operations, utilizing the Company's newly optimized frac design over a 37 stage liner, will commence later in the fourth quarter or in the first quarter of 2016. As a result of continued innovation and reduced service costs, current and go-forward drilling and completion capital have been reduced by more than 30 percent from average 2014 levels.

Delphi has commenced the drilling of its sixth horizontal Montney well of 2015 in East Bigstone at 14-27-60-23W5. Commensurate with a drilling program objective that minimizes capital to bring on production, the wells being drilled in 2015 are proximal to existing gathering infrastructure. These infill drilling locations are consistent with the Company's strategy to minimize capital costs while targeting the most efficient production and proved developed producing reserve additions.

Delphi continues to pursue operating efficiency gains and operating cost reductions in the field. The Company has commenced water disposal at the previously announced disposal well that was acquired earlier in the year. Avoiding water disposal costs through third parties will result in reductions to both operating costs, estimated to be reduced by $0.70/boe for the Company's Bigstone Montney production, and capital costs on Delphi's completion operations for its future Montney development wells. The Company is also preparing to install a pipeline to access higher quality fuel gas to improve the efficiency of the Montney 7-11 compression and dehydration facility, increasing the throughput capacity and decreasing the required maintenance/operating costs.

Addressing and optimizing the Company's overall cost structure continues to be a primary focus to maximize profitability. Reduced capital costs and lower operating costs combined with a superior asset has enabled the Company to continue to deploy capital to its Montney play and continue to provide high return on investment. Targeting reductions of 30 percent for capital costs, operating costs and general and administrative costs will enable the company to grow and profit in the current environment.

The Company has 17 wells which have been drilled with an average horizontal length of 2,500 to 3,000 metres and fracked with 30 to 40 stages utilizing slickwater frac techniques. All but one of these wells now have IP30 day production performance data with 10 wells having produced for at least a year providing IP365 well performance data. The 10 wells have an average IP365 total sales rate of 798 boe/d with three wells averaging over 1,000 boe/d each in their first 365 days of production. The strong production performance results in shorter periods to payback, enhances the ability to grow Montney production on an absolute basis and contributes to significant value of the asset.

Corporate Update

While remaining focused on its large-scale Montney project at Bigstone, the Company has successfully streamlined its business through two previously announced asset dispositions for combined gross proceeds of approximately $62.0 million. The two dispositions represent approximately 2,600 boe/d or 26 percent of the Company's production capability and seven percent of the field operating income in 2015. The Montney production which is forecast to grow 25 to 30 percent by the end of 2016 will soon represent 85 to 90 percent of the Company's production base. The benefits of the dispositions combined with Montney production growth and cash generating capability is transformational.

The Company will commence shipping most of its natural gas production on the Alliance pipeline beginning December 1, 2015 eliminating curtailments and negative CREC pricing adjustments go forward. Forecast revenue per boe, excluding hedges, is expected to increase by approximately 40 percent partially offset by an increase in transportation costs.

The Company now has lower interest expense, with net debt reduced 30 percent. As a result of the dispositions the Company has moved to right-size its staffing requirements. This is expected to result in approximately $2.0 million of annualized general and administrative cost savings. Overall, the Company expects to generate 17 to 20 percent savings in G&A and interest costs in 2016 compared to 2015. Initiatives to reduce operating costs at the Bigstone Montney asset and the sale of the higher operating cost Hythe assets are expected to generate approximately 20 percent lower operating costs in 2016.

The impact to the cash generating capability of the Company's production will be visible in the first quarter of 2016 with cash netbacks per boe, excluding hedging gains, expected to be 2.5 to 3.0 times greater than those reported in the third quarter of 2015. Although hedging gains in 2016 are forecast to be lower than what is forecast in 2015, the cash flow generated from field operations is expected to more than double and offset the lower forecast hedging gains.

The Company has also monetized certain natural gas and crude oil hedges as a result of the sale of the Hythe and Wapiti producing assets for total proceeds of approximately $4.9 million. The Company remains well hedged though 2016 and into 2017 with most of its natural gas hedge position focused on the Chicago market rather than AECO market. On December 1, 2015, the Company commences transporting most of its natural gas under its Alliance firm service agreement, eliminating exposure to ongoing TCPL curtailments and resulting Alberta based natural gas price weakness. The Company has experienced and expects continued exposure to TCPL related production curtailments and resulting price weakness through to the end of November.

Natural Gas (Cdn)	Dec 2015	2016	2017
Volume (mmcf/d)	4.7	2.8	2.4
% Hedged [1]	15%	9%	8%
Fixed Price (Cdn $/mcf)	$3.95	$3.84	$3.96
Strip Price (Cdn $/mcf)	$2.54	$2.61	$2.95

Natural Gas (US)	Dec 2015	2016	2017	2018
Volume (mmcf/d)	22.5	23.5	15.0	10.0
% Hedged [1]	70%	73%	47%	31%
Fixed Price (US $/mcf)	$3.34	$3.50	$3.66	$3.56
Strip Price (US $/mcf)	$2.32	$2.60	$2.89	$2.97
% US Revenue Hedged	59%	83%	68%	23%
US/Cdn FX Hedge Rate	$1.242	$1.263	$1.284	$1.257

Condensate (Cdn)	Dec 2015	2016
Volume (bbls/d)	1,220	800
% Hedged [1]	81%	53%
Floor Price (WTI Cdn $/bbl)	$80.00	$78.50
Ceiling Price (WTI Cdn $/bbl) [2]	-	$85.00
Strip Price (WTI Cdn $/bbl)	$58.69	$65.27

Total	Dec 2015	2016	2017	2018
Volume hedged [1]	84%	76%	42%	24%

(1) *Percent hedged is based on average natural gas production of 32 mmcf/d and 1,500 bbls/d of condensate and C5+.*
(2) *400 bbls/d have upside to a ceiling price of $85.00 per barrel at a deferred cost of $4.02 per barrel.*

The Bigstone Montney asset continues to demonstrate superior economic performance. The Company holds 139.5 gross sections of Montney rights and 89 sections of Cretaceous rights. In addition, the Company owns and operates a network of gas gathering pipelines, field compression and gas processing facilities.

Delphi also reports that Tony Angelidis, the Company's Senior Vice-President of Exploration and a founding partner of the Company is leaving the Company at the end of the year, accommodating a three year succession plan whereby John Behr, Manager Geo-Sciences and New Ventures will assume those responsibilities. John joined the Company in 2013 and has held various senior leadership roles throughout his 30 year career as a geophysicist.

2015 Guidance Update

With the disposition of Hythe and continued TCPL and Alliance pipeline constraints resulting in CREC pricing for a portion of our natural gas production until the end of November, and lower commodity prices forecast for the remainder of the year, the Company has updated its guidance for 2015. As a result of lower realized prices, the disposition of Hythe and the drilling of a sixth well in 2015, funds from operations has been reduced slightly while net debt at December 31, 2015 has been reduced to $123.0 to $125.0 million.

	2015 Guidance Post Wapiti and Hythe Dispositions
Average Annual Production (boe/d)	9,500 – 9,800
Exit Production Rate (boe/d)	8,000 – 8,500
AECO Natural Gas Price (Cdn $ per mcf)	$2.70
WTI Oil Price (US $ per bbl)	$49.50
Natural Gas Liquids Price (Cdn $ per bbl)	19.50
Foreign Exchange Rate (US/Cdn)	1.27
Well Count (Drilled and Completed)	4.0 gross
Net Capital Program ($ million)	($9.0) – ($7.0)
Funds from Operations ($ million)	$38.0 – $40.0
Net Debt at December 31 ($ million)	$123.0 - $125.0
Net Debt / Q4 FFO (annualized)	3.2 – 3.4

Outlook

Delphi continues to navigate this very challenging lower commodity price environment with a singular focus on its core Bigstone Montney asset complemented with significant strategic non-core dispositions. This focused effort is successfully improving well productivity, driving down capital costs, grinding operating costs lower, alleviating TCPL transportation issues and creating greater financial flexibility. All of these successes are contributing to a sustainable economic business, even in a “lower for longer” commodity price environment.

The Company remains committed to a conservative approach to its capital spending plans through the remainder of 2015 and into 2016 to preserve financial flexibility. Capital spending remains dependent upon realized commodity prices and level of service cost reductions. Delphi expects to communicate 2016 guidance early in the first quarter of 2016.

On behalf of the Board of Directors and all the employees of Delphi, we would like to thank our shareholders for their continued support.

On behalf of the Board,

David J. Reid,
President and Chief Executive Officer
November 9, 2015

MANAGEMENT’S DISCUSSION AND ANALYSIS

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

Management’s discussion and analysis (“MD&A”) has been prepared by management and reviewed and approved by the Board of Directors of Delphi Energy Corp. (“Delphi” or “the Company”). The discussion and analysis is a review of the financial position and results of operations of the Company. Its focus is primarily a comparison of the financial performance for the three and nine months ended September 30, 2015 and 2014 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and accompanying notes for the three and nine months ended September 30, 2015 and 2014 and the audited consolidated financial statements and accompanying notes for the years ended December 31, 2014 and 2013 and the related MD&A. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The reporting currency is the Canadian dollar. The discussion and analysis has been prepared as of November 9, 2015.

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

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

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

Funds from operations per share - funds from operations divided by the number of common shares outstanding calculated using weighted average shares outstanding consistent with the calculation of earnings (loss) per share.

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

Net debt to equity ratio - net debt is defined as long term debt and subordinated debt plus (minus) the working capital deficit (surplus) excluding the current portion of the fair value of financial instruments. Equity is equivalent to shareholders’ equity. This ratio is used to calculate the Company’s compliance with its net debt to equity ratio covenant.

Net debt to funds from operations ratio - net debt is defined as long term debt and subordinated debt plus (minus) the working capital deficit (surplus) excluding the current portion of the fair value of financial instruments. Funds from operations is defined as cash flow from operating activities before accretion of long term and subordinated debt, decommissioning expenditures and changes in non-cash working capital from operating activities. Delphi’s most recently completed quarter’s funds from operations is annualized (multiplied by four) for the calculation of this ratio. This ratio is used to calculate the Company’s compliance with its net debt to funds from operations ratio covenant.

Total debt – the sum of long term debt and subordinated debt. This amount is used in management’s calculation of net debt.

Net debt – the sum of total debt plus (minus) the working capital deficit (surplus) excluding the current portion of the fair value of the financial instruments. Net debt is used by management to monitor the remaining availability under its credit facilities.

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

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

Cash netbacks - operating netbacks less interest on total debt, general and administrative costs and cash costs related to the Company’s restricted share units. Management considers cash netbacks per boe an important measure as it demonstrates the cash realized on each unit of production to be reinvested in future capital investment or repay debt.

DELPHI'S OPERATIONS

What is the nature of Delphi's business and where are its operations?

Delphi is a publicly-traded company with its corporate office in Calgary, Alberta, Canada. Delphi is engaged in the exploration for, development and production of crude oil and natural gas from properties and assets located in Western Canada in which it holds an interest. The Company's operations are primarily concentrated in the Deep Basin of North West Alberta, from which in excess of 90 percent of the Company's production is obtained. The Company's core area in the Deep Basin is located at Bigstone.

THIRD QUARTER 2015 ACCOMPLISHMENTS

What were the highlights of Delphi's operational and financial results for the third quarter of 2015?

In the third quarter of 2015, the Company achieved the following:

- Generated funds from operations of $10.1 million and realized net earnings of $10.7 million in the third quarter of 2015;
- Closed the disposition of its Wapiti assets for gross proceeds of $50.0 million. The proceeds were applied against the Company's outstanding bank indebtedness and subordinated debt;
- Negotiated the sale of the Company's greater Hythe area and subsequent to quarter end entered into a purchase and sale agreement for gross proceeds of $12.0 million. The sale closed on November 2, 2015 and the proceeds from the disposition have been applied against the Company's outstanding bank indebtedness;
- Maintained Montney natural gas liquids ("NGL") and field condensate yields at 91 barrels per million cubic feet ("bbls/mmcf") in the third quarter of 2015. Field and plant condensate yield was 57 bbls/mmcf or 63 percent of the total 91 bbls/mmcf; and
- Realized gains of $8.3 million from commodity price risk management contracts in the third quarter of 2015; and
- At September 30, 2015, Delphi's risk management contracts had a mark to market value of $22.4 million.

Funds from operations in the third quarter of 2015 were $10.1 million or $0.06 per basic and diluted share, compared to $14.2 million or $0.09 per basic share and diluted share in the comparative quarter of 2014. The decrease in funds from operations in the third quarter of 2015 as compared to the same quarter in 2014 is primarily due to a decrease in commodity prices in combination with a decrease in sales volumes. During the third quarter of 2015, Delphi recognized $8.3 million in realized gains on its financial commodity risk management contracts, including $4.0 million from the monetization of portions of its financial risk management contracts.

THIRD QUARTER 2015 OPERATIONAL AND FINANCIAL RESULTS

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Funds

	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
Sources:		
Cash and cash equivalents	**9,670**	**799**
Funds from operations	**10,070**	**29,576**
Disposition of properties	**43,397**	**53,866**
Exercise of stock options	**-**	**35**
Change in non-cash working capital	**8,623**	**-**
	71,760	**84,276**
Uses:		
Capital expenditures	**20,951**	**41,267**
Accretion of subordinated and long term debt	**797**	**567**
Expenditures on decommissioning	**104**	**426**
Changes in non-cash working capital	**-**	**7,656**
	21,852	**49,916**
Change in long term and subordinated debt	**(49,908)**	**(34,360)**

Net Debt

What is liquidity risk and how does the Company manage this risk?

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

Liquidity risk is the risk that Delphi will not be able to meet its financial obligations as they become due. Delphi actively manages its liquidity through daily, short term and long term cash, debt and equity management strategies. Such strategies encompass, among other factors: having adequate sources of financing available through its bank credit facilities, forecasting future cash generated from operations based on reasonable production and pricing assumptions, monitoring economic risk management opportunities and maintaining sufficient cash flows for compliance with financial debt covenants.

Delphi generally relies on operating cash flows and its credit facilities to fund ongoing capital requirements and provide liquidity. Future liquidity depends primarily on cash flow generated from operations, existing credit facilities and the ability to access debt and equity markets. From time to time, the Company accesses capital markets to meet its additional financing needs and to maintain flexibility in funding its capital expenditures program. There can be no assurance that future debt or equity financings, or cash generated from operations will be available or sufficient to meet these requirements or other corporate requirements or, if debt or equity financing is available, that it will be on terms acceptable to Delphi.

Delphi's results are affected by external market and risk factors, such as fluctuations in the prices of crude oil and natural gas, movements in foreign currency exchange rates and inflationary (deflationary) pressures on service costs. Volatility in crude oil and natural gas prices has resulted in a challenging environment for the energy sector. In response to this volatility and to preserve financial flexibility, Delphi is taking a conservative approach to its capital spending plans in 2015. During the third quarter of 2015, Delphi disposed of its Wapiti assets for gross proceeds of $50.0 million which have been applied against the Company's outstanding bank indebtedness and subordinated debt. In addition, Delphi has recently closed the sale of its greater Hythe area for gross proceeds of $12.0 million. The proceeds from the disposition have been applied against the Company's bank indebtedness. Delphi will continue to monitor commodity prices and service cost reductions in order to manage its 2015 capital program. In addition, Delphi has an active commodity price risk management program in order to reduce its exposure to fluctuations in commodity prices and protect its future cash flows.

How much debt was outstanding on September 30, 2015?

At September 30, 2015, the Company had $98.5 million outstanding in the form of bankers' acceptances, $10.0 million drawn under Canadian-based prime loans, $13.8 million in subordinated debt and a working capital deficit of $6.9 million for net debt of $129.2 million.

During the quarter, Delphi repaid $44.0 million on its senior credit facility and $6.0 million on its subordinated facility with the proceeds from the disposition of the Company's Wapiti assets.

What are the Company's credit facilities and related covenants and when is the next scheduled review of the borrowing base?

During the third quarter of 2015, the Company's senior extendible revolving term credit facility was re-determined giving effect to the disposition of Delphi's Wapiti CGU, resulting in a $175.0 million credit facility with borrowings in excess of $140.0 million subject to consent of the lenders.

The Company's senior extendible revolving term credit facility with a syndicate of Canadian chartered banks is subject to the banks' semi-annual review of the Company's crude oil and natural gas properties. The facility is a 364 day committed facility available on a revolving basis until May 25, 2016 at which time it may be extended at the lenders' option. If the revolving period is not extended, the undrawn portion of the facility will be cancelled and the amount outstanding will convert to a 365 day non-revolving term facility. The amounts outstanding under the non-revolving facility would be required to be repaid at the end of the non-revolving term being May 24, 2017. The non-extension provisions are applicable to the lenders on an individual basis.

Interest payable on amounts drawn under the facility is at the prevailing bankers' acceptance rates plus stamping fees, lenders' prime rate or U.S. base rate plus the applicable margins, depending on the form of borrowing by the Company. The applicable margins and stamping fees are based on a sliding scale pricing grid tied to the Company's trailing net debt to annualized quarterly funds from operations ratio: from a minimum of the bank's prime rate or U.S. base rate plus 1.00 percent to a maximum of the bank's prime rate or U.S. base rate plus 2.50 percent or from a minimum of bankers' acceptances rate plus a stamping fee of 2.00 percent to a maximum of bankers' acceptances rate plus a stamping fee of 3.50 percent.

The syndicated credit facility is secured by a $300.0 million demand floating charge debenture and a general security agreement over all assets of the Company.

The semi-annual review of the Company's $175.0 million extendible revolving term credit facility will be conducted during the fourth quarter of 2015. The borrowing base of the facilities will be based on the lenders' evaluation of the Company's petroleum and natural gas reserves at the time and commodity prices. A decrease in the borrowing base could result in a reduction to the credit facility, which may require a repayment to the lenders.

In addition to the syndicated credit facility, the Company has a subordinated demand credit facility with a Canadian energy and resource lender. During the third quarter of 2015, as a result of the proceeds from the disposition of the Company's Wapiti CGU, the Company repaid $6.0 million on its subordinated facility. The repayment has resulted in a decrease in the facility from $20.0 million to $14.0 million.

The debt is secured by the Company's assets and subordinate to the Company's senior credit facility. The subordinated debt has a maturity date of June 30, 2016. At maturity, the Company expects to repay the subordinated debt through borrowings under its senior credit facility.

The subordinated debt has an annual coupon rate of 10.5 percent with interest payable monthly. A deferred fee of 1.5 percent of the facility is due upon maturity.

The senior credit facility and the subordinated demand credit facility are subject to the following financial covenants:

Financial covenant [1]	Requirement	As at September 30, 2015	Facility subject to financial covenant
Adjusted working capital ratio	≥ 1.0 : 1.0	2.3	Senior, Subordinated
Net debt to equity ratio	< 1.0 : 1.0	0.6	Subordinated
Net debt to funds from operations ratio	≤ 3.5 : 1.0	N/A	Subordinated

[1] The financial covenant calculations refer to measures that are non-IFRS. Please see the definitions of non-IFRS measures at the beginning of this MD&A.

During the second quarter of 2015, the subordinated debt lenders agreed to an amendment to certain financial covenants in response to the continued weak commodity pricing environment. The amendment no longer requires quarterly compliance with a net debt to funds from operations ratio and is now subject to a net debt to funds from operations ratio of no greater than 3.5 times at December 31, 2015.

Delphi's calculation of its adjusted working capital ratio and net debt are as follows:

Adjusted working capital ratio	As at September 30, 2015
Current assets	51,325
Exclusion of the current fair value of financial instruments	(13,057)
Undrawn portion of senior credit facility	66,546
	104,814
Current liabilities	60,608
Exclusion of the current fair value of financial instruments	(1,633)
Exclusion of the current portion of subordinated debt	(13,825)
	45,150
Adjusted working capital ratio	2.3

Net debt	As at September 30, 2015
Long term debt	108,454
Subordinated debt	13,825
Current liabilities	60,608
Exclusion of the current portion of subordinated debt	(13,825)
Current assets	(51,325)
Exclusion of the net current fair value of financial instruments	11,424
Net debt	129,161

Share Capital

How many common shares and stock options are currently outstanding?

As at November 9, 2015, the Company had 155.5 million common shares outstanding and 12.2 million share options outstanding. The share options have an average exercise price of $1.88 per option.

What has been the market activity in the Company's common shares?

The common shares of Delphi trade on the TSX under the symbol DEE. The following table summarizes outstanding share data for the three and nine months ended September 30, 2015:

	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
Weighted Average Common Shares (in thousands)		
Basic	**155,510**	**155,499**
Diluted	**155,510**	**155,499**
Trading Statistics [1]		
High	**1.32**	**1.79**
Low	**0.69**	**0.69**
Average daily volume (in thousands)		

[1] Trading statistics based on closing price.

BUSINESS ENVIRONMENT

What external factors of the business environment did the Company have to contend with in the third quarter of 2015?

The table below outlines the changes in the various benchmark commodity prices and economic parameters which affect the prices received for the Company's production.

Benchmark Prices and Economic Parameters

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	% Change	**2015**	2014	% Change
Natural Gas						
NYMEX (US $/mmbtu)	**2.74**	3.95	(31)	**2.76**	4.41	(37)
AECO (CDN $/mcf)	**2.90**	4.02	(28)	**2.77**	4.78	(42)
Crude Oil						
West Texas Intermediate (US $/bbl)	**46.44**	97.21	(52)	**50.98**	99.60	(49)
Edmonton Light (CDN $/bbl)	**56.24**	97.22	(42)	**58.52**	100.70	(42)
Foreign Exchange						
U.S. to Canadian dollar	**1.31**	1.09	20	**1.26**	1.09	16

Natural Gas

The AECO benchmark natural gas price has decreased 28 percent and 42 percent in the three and nine months ended September 30, 2015, in comparison to the same time periods in 2014. Natural gas storage levels have increased in comparison to the prior year and the five year average, due to record production levels of natural gas coupled with insufficient demand for the incremental natural gas production volumes, creating a supply/demand imbalance. This imbalance has caused the price for natural gas to decrease in comparison to the comparative periods. In addition to the North American supply/demand imbalance, the Canadian natural gas market has experienced further pricing weakness due to ongoing TransCanada pipeline curtailments. Commencing December 1, 2015, Delphi will transport the majority of its natural gas production under its Alliance firm service agreement, eliminating its exposure to the TransCanada pipeline curtailments.

Natural Gas Liquids

Natural gas liquids include ethane, propane, butane, pentane and plant condensate and are generally priced off light oil and natural gas prices. Ethane prices are correlated to natural gas prices while propane and butane prices trade at a discount to light oil prices depending on supply/demand conditions. Due to an oversupply of propane in North America, the price for propane in 2015 has decreased significantly compared to 2014. Demand for condensate in Alberta, as a diluent for transporting heavy oil, results in benchmark condensate prices at Edmonton generally trading at a premium to Canadian light oil prices.

Crude Oil

Global supply/demand fundamentals for crude oil continue to be in an oversupply position as Organization of the Petroleum Exporting Countries (“OPEC”), Russia and U.S. production remains relatively strong, coupled with slower than anticipated global demand growth. This imbalance has caused a significant decrease in the West Texas Intermediate (“WTI”) index for crude oil. WTI averaged 52 percent and 49 percent lower in the three and nine months ended September 30, 2015, in comparison to the same periods in 2014.

Canadian prices experienced a narrowing basis differential as well as a decline in the Canadian to U.S. dollar exchange rate. Edmonton Light averaged $56.24 per barrel in the third quarter of 2015, down 42 percent compared to the same period in 2014. For the nine months ended September 30, 2015, Edmonton Light averaged $58.52 per barrel, down 42 percent compared to the same period in 2014.

Canadian/United States Exchange Rate

The value of the Canadian dollar against its U.S. counterpart averaged $0.76 and $0.79 for the three and nine months ended September 30, 2015, a 17 percent and 13 percent decrease in comparison to the same periods in 2014, respectively. As a producer of crude oil, a decline in the Canadian dollar has a positive effect on the price received for production.

DRILLING OPERATIONS

How active was Delphi in its drilling program in the third quarter of 2015?

Due to the significant decline in crude oil commodity prices, which is a reference price for the Company’s field condensate production, and a weak natural gas price, Delphi is taking a conservative approach to its 2015 capital spending plans. In the first nine months 2015, Delphi drilled four gross (3.6 net) wells which were focused on the Bigstone Montney formation. In comparison, Delphi drilled six gross (5.8 net) wells in the first nine months of 2014 which were also focused on the Bigstone Montney formation.

	Nine Months Ended September 30, 2015	
	Gross	**Net**
Liquids-rich natural gas	**4.0**	**3.6**
Success rate (%)	**100**	**100**

CAPITAL INVESTED

How much capital was invested by the Company in the third quarter of 2015 and where were the capital expenditures incurred?

During the third quarter of 2015, Delphi invested $21.0 million primarily on drilling and completions. Delphi drilled two gross (1.9 net) wells and performed completion operations on three gross (2.7 net) wells in its Bigstone area. The Company also invested in its water disposal facility which was commissioned in the fourth quarter of 2015. In the third quarter, the Company closed the disposition of its Wapiti assets for net proceeds of $48.8 million, of which a $10.0 million deposit was received in the second quarter of 2015. In addition, Delphi received proceeds of $4.6 million in exchange for a gross overriding royalty on two gross wells completed during the quarter as part of its latest five well gross overriding royalty arrangement.

In the first nine months of 2015, Delphi invested $41.3 million of capital expenditures, of which 85 percent was directed toward drilling, completion operations and equipping. Delphi has drilled four gross (3.6 net) wells and performed completion operations on five gross (4.5 net) wells, of which one well was drilled during the fourth quarter of 2014. Delphi has invested $5.7 million or 14 percent of capital towards pipeline tie-ins, plant infrastructure and its water disposal facility. In the first nine months of 2015, the Company has received total proceeds of $53.9 million for the disposition of its Wapiti assets, a minor property in British Columbia and the granting of a gross overriding royalty.

As of September 30, 2015, Delphi has a working interest in a total of 101.5 gross (86.8 net) sections of undeveloped land as part of 138.5 gross (117.1 net) sections of total land prospective for liquids-rich natural gas in the Montney formation, situated at its core area of Bigstone.

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	% Change	**2015**	2014	% Change
Land	**35**	829	(96)	**4**	1,080	(100)
Seismic	**-**	34	(100)	**-**	114	(100)
Drilling, completions and equipping	**17,068**	17,821	(4)	**33,443**	58,114	(42)
Facilities	**3,279**	10,007	(67)	**5,721**	22,154	(74)
Capitalized expenses	**552**	597	(8)	**2,062**	2,391	(14)
Other	**17**	62	(73)	**37**	146	(75)
Capital invested	**20,951**	29,350	(29)	**41,267**	83,999	(51)
Disposition of properties	**(43,397)**	(15,964)	172	**(53,866)**	(15,964)	237
Net capital invested	**(22,446)**	13,386	(268)	**(12,599)**	68,035	(119)
Acquisition of undeveloped properties	**-**	8,800	(100)	**-**	8,800	(100)
Net capital invested	**(22,446)**	22,186	(201)	**(12,599)**	76,835	(116)

ASSETS HELD FOR SALE

What are the assets held for sale and when is the sale expected to close?

During the third quarter of 2015, Delphi negotiated the sale of its Hythe cash-generating unit (CGU) including some assets in the Company's Miscellaneous AB and British Columbia CGUs. The facts and circumstances necessary to classify non-current assets as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale ("IFRS 5"), were satisfied on September 30, 2015. On October 15, 2015, Delphi entered into a purchase and sale agreement for the assets held for sale for $12.0 million, subject to normal closing adjustments. The sale closed on November 2, 2015. In accordance with IFRS 5, assets held for sale are measured at the lower of the carrying amount and the fair value less costs to sell. Delphi has measured the assets held for sale at their carrying amount, a net asset of $2.2 million.

Production for the seven months ending July 31, 2015 averaged approximately 1,050 boe/d, with a production portfolio weighted approximately 94 percent to natural gas and six percent to natural gas liquids. Total land associated with the disposition consisted of 78,508 net acres.

PRODUCTION

What factors contributed to the production volumes?

In 2015, Delphi has been exposed to pipeline restrictions due to maintenance on the TransCanada pipeline system. Although the curtailments have been mitigated as much as possible, sales volumes have been negatively impacted by the restrictions. On December 1, 2015, Delphi commences transporting most of its natural gas volumes under its Alliance firm service agreement, minimizing the exposure to ongoing curtailments on the TransCanada system.

Production volumes in the third quarter of 2015 averaged 7,888 boe/d, a 17 percent decrease over the comparative quarter in 2014 and 23 percent decrease from the second quarter of 2015. Production volumes decreased primarily due to the disposition of the Company's Wapiti CGU on July 22, 2015, a decrease of approximately 840 boe/d for the quarter, as well as TransCanada pipeline restrictions and the Alliance pipeline force majeure for an incremental reduction of approximately 750 boe/d. Natural declines in the quarter were partially offset by the production of two gross (1.7 net) wells which were brought on stream during the third quarter.

Production volumes for the first nine months of 2015 have decreased four percent in comparison to the same period in 2014. During the first three quarters of 2015, Delphi has brought on stream four gross (3.5 net) wells, of which one well was drilled during the fourth quarter of 2014. Production volumes have been impacted by dispositions, pipeline restrictions and natural declines. Production volumes from the Montney development in the first nine months of 2015 increased ten percent to 6,473 boe/d from the 5,872 boe/d produced in the comparative period in 2014.

Crude oil production is minimal in 2015 as the Company disposed of producing oil properties in Hythe during the third quarter of 2014.

Delphi's production portfolio for the third quarter of 2015 was weighted 15 percent to field condensate, 13 percent to natural gas liquids and 72 percent to natural gas. This compares to a production portfolio for the comparative quarter in 2014 weighted 13 percent to field condensate, 14 percent to natural gas liquids, two percent to crude oil and 71 percent to natural gas.

For the three months ended September 30, 2015, field condensate as a percentage of total crude oil and natural gas liquids was 53 percent compared to 45 percent in the comparative quarter. For the first nine months of 2015, field condensate as a percentage of total crude oil and natural gas liquids was 48 percent compared to 43 percent in the comparative period in 2014.

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	% Change	**2015**	2014	% Change
Field condensate (bbls/d)	**1,192**	1,227	(3)	**1,383**	1,348	3
Natural gas liquids (bbls/d)	**1,045**	1,356	(23)	**1,439**	1,551	(7)
Crude oil (bbls/d)	**6**	169	(96)	**34**	210	(84)
Total crude oil and natural gas liquids	**2,243**	2,752	(18)	**2,856**	3,109	(8)
Natural gas (mcf/d)	**33,871**	40,251	(16)	**40,998**	41,646	(2)
Total (boe/d)	**7,888**	9,461	(17)	**9,689**	10,050	(4)

REALIZED SALES PRICES

What sales prices were realized by the Company for each of its products?

For the three and nine months ended September 30, 2015, Delphi's combined realized sales price decreased 13 percent and 35 percent in comparison to the same periods in 2014, respectively. The decrease is primarily a result of a reduction in all commodity market prices partially offset by an increase in realized gains on financial risk management contracts. During the quarter, Delphi monetized portions of some financial risk management contracts for proceeds of $4.0 million.

Realized natural gas prices in the third quarter of 2015 decreased six percent compared to the same period in 2014 although the AECO benchmark price decreased 28 percent over the same comparative periods. The Company's realized natural gas price was further affected by a negative adjustment for heat content and marketing and a loss on physical risk management contracts partially offset by a gain on financial risk management contracts. Realized natural gas prices in the first nine months of 2015 decreased 23 percent compared to the same period in 2014. The reduction in the realized price is due to a 42 percent reduction in the AECO benchmark price and a reduction for heat content and marketing partially offset by gains on physical and financial risk management contracts. The reduction in the premium received for Delphi's heat content and marketing arrangements is primarily due to a change in the pricing structure of a certain marketing arrangement for natural gas sold in Alberta which is expected to continue until the end of November 2015.

Realized crude oil and field condensate prices were four percent higher in the third quarter of 2015 compared to the same period in 2014. The increase in the realized price is primarily due to the gain on financial risk management contracts. Realized crude oil and field condensate prices were 18 percent lower in the first nine months of 2015 compared to the same period in 2014. Over the same comparative period, Edmonton Light decreased 42 percent as a result of the global crude oil supply/demand imbalance. The decrease in the benchmark price was partially offset by a quality differential and gains on financial risk management contracts.

Delphi's realized natural gas liquids price for the three and nine months ended September 30, 2015 decreased 66 percent and 65 percent compared to the same periods in 2014, respectively. The decrease is a result of weakening commodity prices for all natural gas liquids, primarily in the realized sales price for propane, plant condensate and pentanes in combination with a change in the production profile.

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	% Change	**2015**	2014	% Change
AECO ($/mcf)	**2.90**	4.02	(28)	**2.77**	4.78	(42)
Heating content and marketing ($/mcf)	**(0.19)**	0.38	(150)	**(0.06)**	0.58	(110)
Realized price before risk management contracts ($/mcf)	**2.71**	4.40	(38)	**2.71**	5.36	(49)
Gain (loss) on physical contracts ($/mcf)	**(0.05)**	0.01	(600)	**0.03**	(0.03)	-
Gain (loss) on financial contracts ($/mcf)	**1.17**	(0.32)	-	**0.81**	(0.73)	-
Realized natural gas price ($/mcf)	**3.83**	4.09	(6)	**3.55**	4.60	(23)
Edmonton Light ($/bbl)	**56.24**	97.22	(42)	**58.52**	100.70	(42)
Quality differential ($/bbl)	**(3.47)**	(4.14)	(16)	**(0.89)**	0.87	(202)
Realized price before risk management contracts ($/bbl)	**52.77**	93.08	(43)	**57.63**	101.57	(43)
Gain (loss) on financial contracts ($/bbl)	**41.99**	(2.14)	-	**20.33**	(5.98)	-
Realized oil and field condensate price ($/bbl)	**94.76**	90.94	4	**77.96**	95.59	(18)
Realized natural gas liquids price ($/bbl)	**18.06**	53.20	(66)	**19.96**	56.59	(65)
Total realized sales price ($/boe)	**33.77**	38.69	(13)	**29.68**	42.82	(35)

RISK MANAGEMENT ACTIVITIES

What is Delphi's risk management strategy over the sales price it receives for its production and what contracts are in place to mitigate the risk of price volatility?

Delphi enters into both financial and physical commodity contracts as part of its risk management program to manage commodity price fluctuations designed to ensure sufficient cash is generated to fund its capital program particularly when commodity prices are extremely volatile.

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

A summary of the Company's financial and physical commodity price risk management contracts are as follows:

Natural Gas Contracts

Time Period	Type of Contract	Average Quantity Contracted	Average Price ($/unit)		Reference
April 2013 – November 2015	Natural Gas - financial	3,000 GJ/d	$3.27	Cdn	AECO
April 2013 – November 2015	Natural Gas - financial	3,000 GJ/d	$3.40	Cdn	AECO
June 2013 – November 2015	Natural Gas - financial	6,000 GJ/d	$3.45	Cdn	AECO
January 2015 – November 2015	Natural Gas - financial	2,500 GJ/d	$3.67	Cdn	AECO
January 2015 – November 2015	Natural Gas - financial	2,500 GJ/d	$3.69	Cdn	AECO
January 2015 – December 2015	Natural Gas - financial	2,500 GJ/d	$3.69	Cdn	AECO
January 2015 – December 2015	Natural Gas - financial	2,500 GJ/d	$3.80	Cdn	AECO
April 2015 – October 2015	Natural Gas - financial	2,000 GJ/d	$2.71	Cdn	AECO
April 2015 – October 2015	Natural Gas - financial	5,000 GJ/d	$3.23	Cdn	AECO
April 2015 – October 2015	Natural Gas - financial	2,500 GJ/d	$3.49	Cdn	AECO
April 2015 – October 2015	Natural Gas - financial	2,500 GJ/d	$3.62	Cdn	AECO
May 2015 – October 2015	Natural Gas - financial	3,000 GJ/d	$3.20	Cdn	AECO
October 2015 – November 2015	Natural Gas - physical	5,000 GJ/d	$2.67	Cdn	AECO
October - November 2015	Natural Gas - physical	6,000 mmbtu/d	$3.04	U.S.	Chicago
November 2015	Natural Gas - financial	2,500 GJ/d	$3.00	Cdn	AECO
November 2015	Natural Gas - financial	5,000 GJ/d	$2.92	Cdn	AECO
November 2015	Natural Gas - financial	5,000 GJ/d	$2.98	Cdn	AECO
December 2015	Natural Gas - financial	7,500 mmbtu/d	$2.94	U.S.	Chicago
December 2015 – December 2016	Natural Gas - financial	5,000 mmbtu/d	$3.45	U.S.	NYMEX
December 2015 – December 2018	Natural Gas - financial	5,000 mmbtu/d	$3.55	U.S.	NYMEX
December 2015 – December 2018	Natural Gas - financial	5,000 mmbtu/d	$3.57	U.S.	NYMEX
January 2016 – February 2016	Natural Gas - financial	3,000 GJ/d	$3.40	Cdn	AECO
January 2016 – December 2016	Natural Gas - financial	2,500 GJ/d	$3.69	Cdn	AECO
January 2016 – September 2016	Natural Gas - financial	2,400 mmbtu/d	$2.815	U.S.	Chicago
January 2016 – December 2017	Natural Gas – financial	5,000 mmbtu/d	$3.86	U.S.	NYMEX
March 2016 – September 2016	Natural Gas – financial	2,850 mmbtu/d	$2.718	U.S.	Chicago
January 2017 – December 2017	Natural Gas – financial	2,500 GJ/d	$3.75	Cdn	AECO

Basis Differential Contracts

Commencing December 1, 2015, Delphi will be shipping the majority of its natural gas production through the Alliance pipeline system into the Chicago market. Delphi's realized natural gas price will be predominantly based on the Chicago index. As a result, the Company has entered into basis differential contracts in order to fix the price on a portion of its production.

Time Period	Type of Contract	Quantity Contracted	Differential (U.S. $/unit)	
December 2015 – December 2016	Chicago – Nymex differential	2,500 mmbtu/d	$0.010	Cdn
December 2015 – December 2016	Chicago – Nymex differential	5,000 mmbtu/d	$0.020	Cdn
December 2015 – December 2016	Chicago – Nymex differential	5,000 mmbtu/d	$0.010	Cdn
December 2015 – December 2016	Chicago – Nymex differential	2,500 mmbtu/d	$0.010	Cdn
January 2016 – December 2016	Chicago – Nymex differential	2,500 mmbtu/d	$0.025	Cdn
January 2016 – December 2016	Chicago – Nymex differential	2,500 mmbtu/d	$0.020	Cdn

Crude Oil Contracts

Time Period	Type of Contract	Quantity Contracted	Price ($/unit)	Reference
January 2015 – December 2015	Crude Oil – financial put option (1)	1,220 bbls/d	$80.00 Cdn	WTI
January 2016 – December 2016	Crude Oil – financial	200 bbls/d	$78.46 Cdn	WTI
January 2016 – December 2016	Crude Oil – financial	200 bbls/d	$78.35 Cdn	WTI
January 2016 – December 2016	Crude Oil – financial collar (2)	400 bbls/d	$78.60 - $85.00 Cdn	WTI

(1) Delphi has two put option contracts for 250 bbls/d each at a floor price of $100.85 Cdn and $101.00 Cdn, respectively, acting as the purchaser of the put contracts. In exchange for the put contract entered into for the calendar year of 2015 for 1,220 bbls/d at a strike price of $80.00 per barrel, Delphi entered into an additional two put contracts with the same counterparty for 250 bbls/d each at a floor price of $100.85 Cdn and $101.00 Cdn, respectively, acting as the seller of the put contracts.

(2) The collar has a deferred cost of $4.02 per barrel.

The fair value of the financial contracts outstanding as at September 30, 2015 is estimated to be an asset of approximately $22.4 million. The fair values of these contracts are based on an approximation of the amounts that would have been paid to or received from counterparties to settle the contracts outstanding at the end of the period having regard to forward prices and market values provided by independent sources. Due to the inherent volatility in commodity prices, actual amounts realized may differ from these estimates.

For the three and nine months ended September 30, 2015, the change in the fair values of the outstanding derivative commodity contracts resulted in an unrealized gain on its risk management contracts of $7.4 million and $2.4 million, respectively. The unrealized gain recognized for the three months ended September 30, 2015 is the difference between the fair values of the risk management contracts outstanding as at September 30, 2015 and the fair values as at June 30, 2015. The unrealized gain recognized for the nine months ended September 30, 2015 is the difference between the fair values of the risk management contracts outstanding as at September 30, 2015 and the fair values as at December 31, 2014.

During the third quarter of 2015, Delphi unwound portions of some of its risk management contracts for proceeds of $4.0 million. Including the monetization of these contracts, Delphi realized gains of $8.3 million and $16.9 million for the three and nine months ended September 30, 2015, respectively.

The Company accounts for Canadian dollar physical sales contracts, which were entered into and continue to be held for the purpose of delivery of production, in accordance with its expected sale requirements as executory contracts on an accrual basis rather than as non-financial derivatives.

What has the Company done to mitigate the effects of foreign exchange rate fluctuations?

Commencing December 1, 2015, Delphi's natural gas price will be predominantly based on the Chicago index and exposed to CAD/U.S. foreign exchange fluctuations. In order to mitigate this risk, Delphi has entered into the following U.S. dollar forward exchange contracts:

Time Period	Notional U.S. $	Exchange Rate (U.S.$ to Cdn$)
May 2015 – December 2018	250.0	1.2574
June 2015 – December 2016	250.0	1.1965
December 2015 – December 2016	200.0	1.2520
December 2015 – December 2016	275.0	1.2520
December 2015 – December 2016	200.0	1.2520
December 2015 – November 2017	200.0	1.2500
January 2016 – December 2017	200.0	1.3050
January 2016 – December 2017	200.0	1.3075
January 2016 – December 2017	300.0	1.3005

What has the Company done to protect itself against an increase in interest rates?

Delphi has entered into an interest rate swap transaction on borrowings through bankers' acceptances in the amount of $30.0 million from May 2015 to May 2017. The swap transaction has a fixed interest rate of 0.875 percent.

REVENUE

How do revenues in the third quarter of 2015 compare to 2014 and what factors contributed to the change?

Revenues decreased in the third quarter of 2015 compared to 2014 as a result of a significant decrease in commodity prices in combination with lower production volumes. Field condensate and natural gas liquids contributed approximately 46 percent of total revenues compared to 49 percent in the comparative quarter in 2014.

In the first nine months of 2015, Delphi's revenue of $61.7 million, represented a 52 percent decrease over the comparative period in 2014. The decrease in revenues is primarily due to a significant decline in commodity prices in combination with slightly lower production volumes. In the first nine months of 2015, field condensate and natural gas liquids contributed 48 percent of total revenues which remains unchanged from the comparative period in 2014.

Natural gas revenues were lower for the three and nine months ended September 30, 2015 by $1.9 million and $5.0 million, respectively, due to a marketing arrangement with a purchaser on the Alliance pipeline. The price received under this arrangement was significantly discounted relative to AECO benchmark pricing due to pipeline capacity constraints over the period.

Crude oil revenue decreased primarily due to the disposition of oil producing properties in the third quarter of 2014.

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	% Change	**2015**	2014	% Change
Natural gas	**8,438**	16,302	(48)	**30,339**	60,998	(50)
Natural gas physical contract gains (loss)	**(135)**	23	(687)	**381**	(341)	-
Field condensate	**5,795**	10,475	(45)	**21,523**	37,602	(43)
Natural gas liquids	**1,736**	6,637	(74)	**7,841**	23,960	(67)
Crude oil	**20**	1,479	(99)	**770**	5,598	(86)
Sulphur	**380**	201	89	**820**	519	58
Total	**16,234**	35,117	(54)	**61,674**	128,336	(52)

ROYALTIES

What were royalty costs in the third quarter of 2015?

For the third quarter of 2015, royalties totaled $1.5 million compared to $5.0 million in the same period in 2014. Crown royalties decreased as a result of lower commodity prices, lower production volumes due to the disposition of the Company's Wapiti assets during the quarter and the disposition of oil producing properties in the third quarter of 2014. Royalty credits, the cost of processing the Crown's share of natural gas production, decreased in the third quarter of 2015 in comparison to the same period in 2014, primarily due to a significant decrease in commodity prices as royalty credits are limited to Crown royalties paid. The Crown royalty credits are largely based on the amortization of historical costs and do not fluctuate based on commodity prices.

In the third quarter of 2015, gross overriding royalties decreased 61 percent in comparison to the same period in 2014. The decrease is primarily due to lower commodity prices and the disposition of producing oil properties in the third quarter of 2014 which were encumbered by gross overriding royalties.

For the first nine months ended September 30, 2015, royalties totaled $4.6 million compared to $20.2 million in the same period in 2014. Crown royalties decreased as a result of lower commodity prices, lower production volumes due to the disposition of the Company's Wapiti assets during the third quarter and the disposition of oil producing properties in the third quarter of 2014. Crown royalty credits increased in the first nine months of 2015 compared to the same period in 2014 as a result of higher credits related to the Company's Montney facilities. Approximately $0.7 million of the increase in the Crown royalty credits relate to 2014 as a result of the Crown's adjusted cost base used in the calculation of the credits. The cost base used by the Crown is determined based on the prior year facility expenditures. As a result of the capital expenditures incurred on infrastructure in the Montney in 2014, the cost base used in the calculation has increased. In addition, the Crown royalty credits in the first nine months of 2014 were reduced by approximately $0.5 million related to prior periods.

Gross overriding royalties in the nine months ended September 30, 2015 decreased 59 percent from the comparative period in 2014. The decrease is primarily due to lower commodity prices and the disposition of producing oil properties in the third quarter of 2014 which were encumbered by gross overriding royalties.

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	% Change	**2015**	2014	% Change
Crown royalties	**939**	3,019	(69)	**4,029**	11,504	(65)
Royalty credits	**(775)**	(1,476)	(47)	**(4,617)**	(3,808)	21
Crown royalties – net	**164**	1,543	(89)	**(588)**	7,696	(108)
Gross overriding royalties	**1,369**	3,478	(61)	**5,187**	12,537	(59)
Total	**1,533**	5,021	(69)	**4,599**	20,233	(77)
Per boe	**2.11**	5.77	(63)	**1.74**	7.37	(76)

What were the average royalty rates paid on production in the third quarter of 2015?

In the third quarter of 2015, the average royalty rate decreased to 9.4 percent from the 14.3 percent average royalty rate of the comparative period in 2014. The decrease in the average royalty rate is primarily due to an increase in Crown royalty credits as calculated by the Crown. Crown royalty credits do not fluctuate based on commodity prices, they are based on prior year capital spending and operating costs and are limited to Crown royalties paid. The gross overriding royalty rate decreased 15 percent in the third quarter of 2015 compared to the third quarter of 2014 as a result of the disposition of producing oil properties in the third quarter of 2014 which were encumbered by gross overriding royalties.

For the nine months ended September 30, 2015, the average royalty rate decreased to 7.5 percent, down from 15.7 percent in the comparative period in 2014. The decrease in the average royalty rate is primarily due to additional Crown credits related to the Company's Montney facilities of $1.0 million, of which $0.7 million relates to 2014, and the decline in commodity prices. The gross overriding royalty rate decreased 12 percent in the first nine months of 2015 compared to the same period in 2014 as a result of the disposition of producing oil properties in the third quarter of 2014 which were encumbered by gross overriding royalties.

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	% Change	**2015**	2014	% Change
Crown rate – net of royalty credits	**1.0%**	4.4%	(77)	**(1.0%)**	6.0%	(117)
Gross overriding rate	**8.4%**	9.9%	(15)	**8.5%**	9.7%	(12)
Average rate	**9.4%**	14.3%	(34)	**7.5%**	15.7%	(52)

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

OPERATING EXPENSES

How do operating expenses in the third quarter of 2015 compare to 2014?

Production costs for the three months ended September 30, 2015 decreased five percent in comparison to the same period in 2014. The decrease is primarily due to a reduction in plant maintenance and repairs. Production costs for the first nine months of 2015 decreased four percent in comparison to the same period in 2014. Production costs have decreased primarily as a result of reduced processing fees partially offset by an increase in water trucking costs. The reduction in processing fees is a result of moving the Company's Montney raw natural gas for processing from the SemCams KA processing facility to the SemCams K3 processing facility during the third quarter of 2014.

Delphi earns processing income for third party production volumes going through facilities owned by the Company. The processing income represents a reduction of the Company's costs to operate these facilities and hence is deducted in determining operating expenses. Processing income indicates the Company has excess capacity at its facilities which it can access to handle growth in its production volumes. Processing income increased two percent and 27 percent in the three and nine months ended September 30, 2015 compared to the same periods in 2014, respectively. The increase in processing income is a result of the growth in partner production being processed through the Company's Montney facilities and processing income earned from the natural gas processing plant acquired in the fourth quarter of 2014.

	Three Month Ended September 30			Nine Months Ended September 30		
	2015	2014	% Change	**2015**	2014	% Change
Production costs	**8,130**	8,560	(5)	**26,682**	27,691	(4)
Processing income	**(659)**	(649)	2	**(2,529)**	(1,989)	27
Total	**7,471**	7,911	(6)	**24,153**	25,702	(6)
Per boe	**10.29**	9.09	13	**9.13**	9.37	(3)

TRANSPORTATION EXPENSES

What factors contributed to the change in transportation costs in the third quarter of 2015?

Transportation expenses decreased 14 percent in the third quarter of 2015 compared to the third quarter in 2014, primarily due to lower gas gathering fees. Transportation expenses decreased six percent in the first nine months of 2015 compared to the same period in 2014 primarily due to lower gas gathering fees partially offset by higher field condensate trucking costs.

The decrease in gas gathering fees reflects the cost savings from the completion of pipeline connections to deliver the Company's Montney production to the SemCams K3 processing facility during the third quarter of 2014 rather than going through a third party pipeline to the SemCams KA processing facility.

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	% Change	**2015**	2014	% Change
Total	**2,902**	3,363	(14)	**9,705**	10,278	(6)
Per boe	**4.00**	3.87	3	**3.67**	3.75	(2)

GENERAL AND ADMINISTRATIVE

How do general and administrative costs in the third quarter of 2015 compare to 2014?

General and administrative expenses (after recoveries and allocations) for the three months ended September 30, 2015 were 24 percent lower compared to the same period in 2014. The lower general and administrative expenses are due to lower personnel costs and higher overhead recoveries in the third quarter of 2015 compared to the same period in 2014.

General and administrative expenses (after recoveries and allocations) for the nine months ended September 30, 2015 were 13 percent lower compared to the same period in 2014. Gross expenses in the first nine months of 2015 are 14 percent lower than the comparative period primarily due to lower personnel costs. Overhead recoveries decreased ten percent over the comparative period due to a lower capital program in the first nine months of 2015 compared to the first nine months of 2014. Salary allocations decreased 17 percent over the comparative period in 2014 as a result of lower personnel costs.

Delphi is committed to delivering strong growth and believes a strong team is paramount to achieve this goal.

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	% Change	**2015**	2014	% Change
Gross expenses	**2,355**	2,641	(11)	**7,784**	9,028	(14)
Overhead recoveries	**(524)**	(369)	42	**(1,325)**	(1,468)	(10)
Salary allocations	**(739)**	(832)	(11)	**(2,466)**	(2,984)	(17)
General and administrative expenses	**1,092**	1,440	(24)	**3,993**	4,576	(13)
Per boe	**1.50**	1.65	(9)	**1.51**	1.67	(10)

SHARE-BASED COMPENSATION

What is share-based compensation expense?

Share-based compensation expense is the amortization over the vesting period of the fair value of stock options and restricted share units ("RSUs") granted to employees, directors and key consultants of the Company. The fair value of RSUs is based on the Company's closing share price on the last business day immediately preceding the vesting date or the Company's closing share price on the last business day immediately preceding the statement of financial position date. The fair value of all options granted is estimated at the date of grant using the Black-Scholes option pricing model.

Share-based compensation expense related to the Company's option plan decreased 49 percent and ten percent for the three and nine months ended September 30, 2015 as compared to the same periods in 2014, respectively. The decrease in the expense is due to a larger portion of options vesting in their final year in combination with a decrease in the number of options granted during the year. Delphi's options are expensed on a graded basis over their vesting period causing the majority of the expense to be recognized in the earlier years of the vesting period.

Share-based compensation expense related to the Company's RSUs decreased in the three and nine months ended September 30, 2015 in comparison to the same periods in 2014, respectively. The decrease in the expense from the comparative periods is due to a lower closing share price used to calculate the fair value of the restricted units vested during the periods and the fair value of restricted share units paid out, in combination with a decrease in the number of outstanding units.

Capitalized share-based compensation decreased in the three and nine months ended September 30, 2015 in comparison to the same periods in 2014, primarily as a result of a decrease in options and RSUs that have vested during the periods.

During the nine months ended September 30, 2015, 740 thousand restricted share units vested resulting in a cash expense, net of capitalization, of $0.7 million.

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	% Change	**2015**	2014	% Change
Share-based compensation – Options	**327**	646	(49)	**1,491**	1,656	(10)
Share-based compensation – RSUs	**(226)**	129	(275)	**60**	3,041	(98)
Capitalized costs	**(20)**	(144)	(86)	**(594)**	(609)	(2)
Net	**81**	631	(87)	**957**	4,088	(77)
Per boe	**0.13**	0.73	(82)	**0.36**	1.49	(76)

FINANCE COSTS

How do the costs of borrowing compare against the comparative period?

During the third quarter of 2015, with the proceeds from the Company's Wapiti disposition, Delphi repaid $44.0 million on its senior credit facility and $6.0 million on its subordinated credit facility. Interest charges on the Company's senior and subordinated facility decreased in the third quarter of 2015 compared to the third quarter of 2014 due to a lower average debt balance partially offset by higher interest rates charged on the Company's subordinated debt. Interest charges on the Company's senior and subordinated facility increased in the first nine months of September 30, 2015 compared to the same period in 2014 as a result of a higher average debt balance and higher interest rates charged on the Company's subordinated facility.

The bankers' acceptances outstanding at September 30, 2015 have terms ranging from 90 to 182 days and a weighted average effective interest rate of 4.3 percent over the term.

Accretion and finance charges are non-cash and comprised of accretion expense on the Company's decommissioning obligations and the accretion of the Company's subordinated debt.

The accretion of decommissioning obligations is an expense that relates to the passing of time until the Company estimates it will retire its assets and restore the asset locations to a condition which meets or exceeds environmental standards. Due to the long term nature of certain assets of the Company, this accretion expense is estimated to extend over a term of one to 62 years. The reduction in accretion expense is due a decrease in risk-free interest rates which is used in the calculation for determining the accretion expense.

The finance charge associated with the Company's subordinated debt is based on the effective interest rate method in order to amortize the prepaid finance fees and to accrete the subordinated debt balance to its face value of $14.0 million plus a deferred fee of 1.5 percent.

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	% Change	**2015**	2014	% Change
Interest	**1,356**	1,717	(21)	**5,797**	5,539	5
Accretion	**210**	293	(28)	**680**	873	(22)
Finance charges	**128**	116	10	**378**	344	10
Total finance costs	**1,694**	2,126	(20)	**6,855**	6,756	1
Interest per boe	**1.87**	1.97	(5)	**2.19**	2.02	8
Accretion per boe	**0.29**	0.34	(15)	**0.26**	0.32	(19)
Finance charges per boe	**0.18**	0.13	38	**0.14**	0.13	8

DEPLETION, DEPRECIATION AND IMPAIRMENT

Has the Company's depletion and depreciation rate and expense changed in the third quarter of 2015 compared to 2014?

Depletion and depreciation in the third quarter of 2015 decreased 27 percent compared to the same period in 2014 due to a lower depletion base and lower production volumes. The depletion base has decreased as the Company has recognized $75.6 million in impairments since the third quarter of 2014.

In the first nine months of 2015, depletion and depreciation increased one percent in comparison to the same time period in 2014. Under IFRS, depletion is calculated on a unit of account basis, which for Delphi is a level lower than a CGU. Within the first nine months of 2015, a unit of account with a higher depletion rate than all other unit of accounts had higher sales volumes compared to the same period in 2014, causing the overall depletion expense and depletion rate to increase. This increase was partially offset by a lower depletion base as the Company has recognized $75.6 million in impairments since the third quarter of 2014.

During the second quarter of 2015, due to minimal capital spending in all CGUs with the exception of Bigstone, a loss recognized on the sale of the Company's Wapiti CGU and a further decrease in the forward price curves for natural gas and crude oil, Delphi determined that indicators of impairment were present in all CGUs, other than Bigstone. As a result of the impairment tests, Delphi recognized $19.1 million of impairments relating to its Hythe, Miscellaneous Alberta and British Columbia CGUs. The impairments were based on the difference between the period end carrying value of the CGUs and the recoverable amount. The recoverable amounts were determined using a fair value less costs to sell methodology with the expected future cash flows based on proved and probable reserves using pre-tax discount rates of 15 to 20 percent.

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	% Change	**2015**	2014	% Change
Depletion and depreciation	**7,455**	10,236	(27)	**31,293**	30,919	1
Impairment loss	**-**	-		**19,070**	-	-
Depletion and depreciation per boe	**10.27**	11.76	(13)	**11.83**	11.27	5
Impairment loss per boe	**-**	-		**7.21**	-	-

INCOME TAXES

What was the impact on deferred income taxes as a result of the earnings for the period?

Due to the impairments recognized in the first nine months of 2015 and the continued weak commodity price outlook, Delphi has not recognized its deferred income tax asset. As a result, no deferred income tax expense was recorded in the third quarter against net earnings.

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	% Change	**2015**	2014	% Change
Deferred income taxes	**-**	4,215	(100)	**(3,244)**	6,480	(150)
Per boe	**-**	4.84	(100)	**(1.23)**	2.36	(152)

FUNDS FROM OPERATIONS

What are funds from operations and why is it a key performance measure?

Funds from operations is a non-IFRS measure that has been defined by the Company and is used as a measure to analyze performance. Delphi considers funds from operations a key measure as it demonstrates the Company's ability to generate the cash necessary to fund future capital investments and to repay debt. Funds from operations is calculated as cash flow from operating activities before accretion on long term and subordinated debt, decommissioning expenditures and changes in non-cash working capital.

How do cash flow from operating activities and funds from operations in the third quarter of 2015 compare to 2014?

Delphi's cash flow from operating activities in the three and nine months ended September 30, 2015 have decreased 20 percent and 53 percent, respectively, compared to the same periods in 2014. Similarly, Delphi's funds from operations in the three and nine months ended September 30, 2015 have decreased 29 percent and 40 percent, respectively, compared to the same periods in 2014.

The decrease in cash flow from operations and funds from operations from the third quarter of 2014 to the third quarter of 2015 is due to a significant decline in commodity prices partially offset by lower royalties, higher realized gains on risk management contracts, reduced operating and transportation costs and lower interest charges on the Company's outstanding debt.

The decrease in cash flow from operations and funds from operations from the first nine months of 2014 to the first nine months of 2015 is primarily due to a significant decline in commodity prices and an increase in interest charges partially offset by lower royalties, higher realized gains on risk management contracts, lower operating and transportation expenses and a reduced pay out related to the Company's vested restricted share units.

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	% Change	**2015**	2014	% Change
Cash flow from operating activities	**6,735**	8,410	(20)	**23,890**	51,035	(53)
Accretion of subordinated and long term debt	**797**	(477)	-	**567**	(49)	-
Decommissioning expenditures	**104**	445	(77)	**426**	1,074	(60)
Change in non-cash working capital	**2,434**	5,843	(58)	**4,693**	(2,770)	-
Funds from operations	**10,070**	14,221	(29)	**29,576**	49,290	(40)

CASH NETBACK AND EARNINGS ANALYSIS

What factors contributed to the earnings in the third quarter of 2015?

Delphi recorded net earnings of $10.7 million in the third quarter of 2015, down from the $12.2 million of net earnings recorded in the third quarter of 2014. The decrease in earnings is due to a decline in the realized sales price for all commodities and a lower gain on dispositions partially offset by lower royalties, a realized gain on risk management contracts, higher unrealized gains on risk management contracts, a decrease in expenses, finance costs and deferred income taxes.

In the first nine months of 2015, Delphi had recorded a $19.4 million loss compared to net earnings of $18.3 million during the same period in 2014. The decrease in earnings is due to a decline in the realized sales price for all commodities, a loss on dispositions, an impairment charge and higher finance costs partially offset by lower royalties, a realized gain on risk management contracts, higher unrealized gains on risk management contracts, a decrease in expenses and a deferred income tax recovery.

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	% Change	**2015**	2014	% Change
Net earnings (loss)	**10,670**	12,163	(12)	**(19,441)**	18,325	(206)
Per boe	**14.70**	13.97	5	**(7.35)**	6.68	(210)
Per basic share	**0.07**	0.08	(13)	**(0.13)**	0.12	(208)
Per diluted share	**0.07**	0.08	(13)	**(0.13)**	0.11	(218)

How do Delphi's netbacks achieved in the third quarter of 2015 compare to 2014?

Delphi continues to focus its drilling on liquids-rich natural gas plays in order to mitigate low natural gas prices and to strengthen its operating and cash netback per boe.

For the third quarter of 2015, Delphi's cash net back per boe decreased 15 percent compared to the third quarter of 2014. The decrease in the cash netback is primarily due to a decline in the Company's realized sales price and reduced production volumes. The significant decrease in commodity prices were partially offset by lower royalties. Operating and transportation expenses increased on a per boe basis primarily due to lower production volumes in the third quarter of 2015 compared to the same period in 2014.

In the first nine months of 2015, Delphi's cash net back per boe decreased 38 percent compared to the same period in 2014. The decrease in the cash netback is primarily due to a decline in the Company's realized sales price as commodity prices significantly decreased over the comparative period. The decrease in the realized sales price per boe was partially offset by a reduction in royalties and operating and transportation expenses. General and administrative expenses and paid out restricted share units per boe decreased over the comparative period, partially offset by an increase in interest charges per boe.

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	% Change	**2015**	2014	% Change
Barrels of oil equivalent ($/boe)						
Realized sales price	**33.77**	38.69	(13)	**29.69**	42.82	(31)
Royalties	**2.11**	5.77	(63)	**1.74**	7.37	(76)
Operating expenses	**10.29**	9.09	13	**9.13**	9.37	(3)
Transportation	**4.00**	3.87	3	**3.67**	3.75	(2)
Operating netback	**17.37**	19.96	(13)	**15.15**	22.33	(32)
General and administrative expenses	**1.50**	1.65	(9)	**1.51**	1.67	(10)
Paid out restricted share units	**0.11**	-	-	**0.26**	0.68	(62)
Interest	**1.87**	1.97	(5)	**2.19**	2.02	8
Cash netback	**13.89**	16.34	(15)	**11.19**	17.96	(38)
Unrealized loss (gain) on commodity risk contracts	**(10.22)**	(5.43)	88	**(0.89)**	(0.57)	56
Share-based compensation expense	**0.02**	0.73	(97)	**0.10**	0.81	(88)
Loss (gain) on dispositions	**(1.35)**	(10.00)	(87)	**1.00**	(3.17)	-
Loss on decommissioning	**-**	-		**0.12**	0.14	(14)
Depletion, depreciation and impairment	**10.27**	11.76	(13)	**19.04**	11.27	69
Accretion and finance charges	**0.47**	0.47	-	**0.40**	0.44	(9)
Deferred income taxes	**-**	4.84	(100)	**(1.23)**	2.36	(152)
Net earnings (loss)	**14.70**	13.97	5	**(7.35)**	6.68	(210)

SELECTED INFORMATION

Over the past two years, how has Delphi performed and what significant factors contributed to the results?

Over the past two years, the changes in revenue and funds from operations from quarter to quarter primarily reflect the change in production volumes, product mix and the volatility of commodity prices.

Delphi's focus over the past eight quarters has been to exploit its liquids-rich resource at Bigstone, Alberta in order to maximize operating netbacks. In 2013, the Company commenced utilizing a new slickwater hybrid completion technique on its wells drilled, which significantly decreased initial production decline rates and improved productivity. In 2014, Delphi increased its capital expenditures, before acquisitions, by 40 percent. The $100.9 million capital investment was directed toward the drilling of eight gross (7.6 net) wells and the construction of important infrastructure in the Bigstone area. In addition to the expansion of the Company's 100 percent owned compression and dehydration facility located in East Bigstone, Delphi completed pipeline connections to deliver its Montney natural gas and natural gas liquids production from its two East Bigstone facilities to the SemCams K3 processing facility. As a result of the Company's success in developing the Montney play in Bigstone, Delphi achieved record production of 12,035 boe/d in the fourth quarter of 2014. In 2014, Delphi spent $8.8 million on the acquisition of undeveloped properties and $8.9 million on the acquisition of developed properties, including a natural gas processing facility which were partially funded by proceeds on disposition of $16.6 million.

So far in 2015, record production levels for natural gas and crude oil have created a supply/demand imbalance which has significantly negatively impacted commodity prices. In the first nine months of 2015, Delphi experienced a 31 percent reduction in its realized sales price per boe as a result of the decline in the price for all commodities. With the reduced commodity prices, the Company is realizing savings on royalties and is focusing on further reducing operating and transportation expenses. Delphi maintains an active commodity price risk management program and has realized $16.9 million of gains on its risk management contracts. Delphi remains conservative on its capital expenditures in order to maintain financial flexibility. On July 22, 2015, Delphi closed the sale of its Wapiti CGU for gross proceeds of $50.0 million which have been applied against the Company's outstanding indebtedness, providing the financial flexibility required during the current economic environment. On November 2, 2015, Delphi closed the sale of its Hythe CGU, including some Miscellaneous AB and British Columbia assets, for gross proceeds of $12.0 million. The proceeds from the disposition have been used to further reduce the Company's outstanding indebtedness. In the nine months ended September 30, 2015, Delphi drilled four gross (3.6 net) wells and brought on production four gross (3.5 net) wells, of which one was drilled during the fourth quarter of 2014. Production in the third quarter of 2015 averaged 7,888 boe/d, a 17 percent decrease over the comparative quarter in 2014 and a 23 percent decrease over the second quarter of 2015. The reduced production volumes is a result of dispositions, natural declines and transportation curtailments on both the TransCanada and Alliance pipeline systems.

Net earnings (loss) of the Company are primarily driven by the difference between the cash netback realized per boe of production versus the Company's depletion and depreciation rate, unrealized losses on commodity risk management contracts and other non-cash charges. Overall finding and development ("F&D") costs were $9.43 per proved plus probable boe in 2013 versus $10.35 per proved plus probable boe in 2014.

The following table sets forth certain information of the Company for the past eight consecutive quarters outlining this performance:

	Sep. 30, 2015	Jun. 30, 2015	Mar. 31, 2015	Dec. 31, 2014	Sep. 30, 2014	Jun. 30, 2014	Mar. 31, 2014	Dec. 31, 2013
Production								
Oil and field condensate (bbls/d)	**1,198**	1,455	1,600	1,692	1,396	1,583	1,697	1,242
Natural gas liquids (bbls/d)	**1,045**	1,582	1,698	2,020	1,356	1,807	1,493	1,286
Natural gas (mcf/d)	**33,871**	43,035	46,223	49,939	40,251	42,040	42,673	38,761
Barrels of oil equivalent (boe/d)	**7,888**	10,210	11,002	12,035	9,461	10,397	10,302	8,988
Financial								
Crude oil and natural gas sales	**16,234**	22,790	22,650	35,534	35,117	44,173	49,046	29,459
Funds from operations	**10,070**	8,725	10,781	15,869	14,221	14,660	20,409	11,352
Per share – basic	**0.06**	0.06	0.07	0.10	0.09	0.09	0.13	0.07
Per share – diluted	**0.06**	0.06	0.07	0.10	0.09	0.09	0.12	0.07
Net earnings (loss)	**10,670**	(32,106)	1,995	(25,588)	12,163	5,439	723	(16,100)
Per share – basic	**0.07**	(0.21)	0.01	(0.16)	0.08	0.04	-	(0.11)
Per share – diluted	**0.07**	(0.21)	0.01	(0.16)	0.08	0.03	-	(0.11)

CONTRACTUAL OBLIGATIONS

Does the Company have any contractual obligations as of September 30, 2015 that will require funding in future years?

The Company is committed to future minimum payments for natural gas transmission and processing and operating leases on compression equipment. The Company also has a lease for office space in Calgary, Alberta. As noted above, the senior credit facility is based on a revolving term which is reviewed annually and converts to a 365 day non-revolving term facility if not renewed.

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

	2015	2016	2017	2018	2019	Thereafter
Gathering, processing and transmission (1)	3,408	21,933	27,704	29,882	29,873	34,206
Office, equipment and software leases	501	1,414	991	-	-	-
Accounts payable and accrued liabilities (2)	28,193	-	-	-	-	-
Decommissioning obligations (3)	244	173	641	5,503	126	20,818
Restricted share units	-	194	44	-	-	-
Risk management contracts	244	1,858	680	216	-	-
Interest payments on subordinated debt	368	731	-	-	-	-
Long term debt	-	-	108,454	-	-	-
Subordinated debt	-	14,210	-	-	-	-
Total	32,958	40,513	138,514	35,601	29,999	55,024

(1) Balances denominated in US dollars have been translated at the September 30, 2015 exchange rate.
(2) Excludes the current portion of the restricted share units as they are disclosed separately on this table.
(3) Amounts represent the inflated, discounted future abandonment and reclamation expenditures anticipated to be incurred over the life of the Company's properties.

During the fourth quarter of 2014, Delphi entered into an agreement with Alliance Pipeline Ltd. for full path service to deliver up to 62.8 million cubic feet per day ("mmcf/d") of natural gas volumes by the end of 2017 into the Chicago gas market as follows:

	Dec. 2015 to Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Years 2018 - 2020
Volumes (mmcf/d)	35.3	40.3	45.3	50.3	50.3	55.3	60.3	62.8	62.8

GUARANTEES AND OFF-BALANCE SHEET ARRANGEMENTS

Does Delphi have any outstanding guarantees on behalf of third parties or any off-balance sheet arrangements which could lead to liabilities in the future?

Delphi has not entered into any guarantees or off-balance sheet arrangements. Certain lease agreements entered into in the normal course of operations could be considered off-balance sheet arrangements; however, all leases which are considered operating leases are charged to operating expenses or general and administrative expenses on a monthly basis according to the lease.

CRITICAL ACCOUNTING ESTIMATES

In preparing the Company's consolidated financial statements, is Delphi required to make estimates or assumptions about future events?

The reader is advised that the critical accounting estimates, judgments, policies and practices as described in the Company's Management's Discussion and Analysis for the year ended December 31, 2014 continue to be critical in determining Delphi's financial results.

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

NEW ACCOUNTING STANDARDS

Did the Company adopt any new standards and are there any future accounting standards which the Company will have to comply with in the future?

The following are future accounting standards and amendments to current standards:

In May of 2014, the International Accounting Standards Board ("IASB"), issued "Accounting for Acquisitions of Interests in Joint Operations", amendments to IFRS 11, "Joint Arrangements." The amendments require business combination accounting to be applied to the acquisitions of interests in a joint operation that constitute a business. The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The Company does not anticipate early adoption of this standard and the extent of the impact of adoption of the standard has not yet been determined.

The IASB has issued IFRS 15, "Revenue from Contracts with Customers", which contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The standard has a current effective date of January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

The IASB has issued IFRS 9, "Financial Instruments", which is the result of the IASB's project to replace IAS 39, "Financial Instruments: Recognition and Measurement". The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The standard has an effective date of January 1, 2018. The Company is currently evaluating the impact of adopting this standard.

CORPORATE GOVERNANCE

Overview

The shareholders' interests are a critical factor in the operations and management of Delphi. The Company is committed to maintaining the highest level of investor confidence in the Company through the application of its corporate policies and procedures. Delphi's Board of Directors consists of six independent directors and two officers of the Company who meet regularly to discuss matters of strategy and execution of the business plan. See Delphi's Management Information Circular and Annual Information Form for a listing of committees that oversee specific aspects of the Company's operating and financial strategy.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company is accumulated and communicated to the Company's management, including its President and Chief Executive Officer and Senior Vice President, Finance and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The President and Chief Executive Officer and Senior Vice President, Finance and Chief Financial Officer have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles applicable to the Company. The Company's internal controls over financial reporting is based on the framework in Internal Control over Financial Reporting – Guidance for Smaller Public Companies issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework).

The Company is required to disclose any change in the Company's internal control over financial reporting that occurred during the period beginning on July 1, 2015 and ended on September 30, 2015 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. No material changes in the Company's internal control over financial reporting were identified during such period that has materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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

2015 OUTLOOK AND FORWARD-LOOKING INFORMATION

This management discussion and analysis contains forward-looking statements and forward-looking information within the meaning of applicable Canadian securities laws. These statements relate to future events or the Company’s future performance and are based upon the Company’s internal assumptions and expectations. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of any of the words “expect”, “anticipate”, “continue”, “estimate”, “may”, “will”, “should”, “believe”, "intends”, “forecast”, “plans”, “guidance”, “budget” and similar expressions.

More particularly and without limitation, this management discussion and analysis contains forward-looking statements and information relating to petroleum and natural gas production estimates and weighting, projected crude oil and natural gas prices, future exchange rates, expectations as to royalty rates, expectations as to transportation and operating costs, expectations as to general and administrative costs and interest expense, expectations as to capital expenditures and net debt, planned capital spending, future liquidity and Delphi’s ability to fund ongoing capital requirements through operating cash flows and its credit facilities, supply and demand fundamentals for oil and gas commodities, timing and success of development and exploitation activities, cash availability for the financing of capital expenditures, access to third-party infrastructure, treatment under governmental regulatory regimes and tax laws and future environmental regulations.

Furthermore, statements relating to “reserves” are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitable in the future.

The forward-looking statements and information contained in this management discussion and analysis are based on certain key expectations and assumptions made by Delphi. The following are certain material assumptions on which the forward-looking statements and information contained in this management discussion and analysis are based: the stability of the global and national economic environment, the stability of and commercial acceptability of tax, royalty and regulatory regimes applicable to Delphi, exploitation and development activities being consistent with management’s expectations, production levels of Delphi being consistent with management’s expectations, the absence of significant project delays, the stability of oil and gas prices, the absence of significant fluctuations in foreign exchange rates and interest rates, the stability of costs of oil and gas development and production in Western Canada, including operating costs, the timing and size of development plans and capital expenditures, availability of third party infrastructure for transportation, processing or marketing of oil and natural gas volumes, prices and availability of oilfield services and equipment being consistent with management’s expectations, the availability of, and competition for, among other things, pipeline capacity, skilled personnel and drilling and related services and equipment, results of development and exploitation activities that are consistent with management’s expectations, weather affecting Delphi’s ability to develop and produce as expected, contracted parties providing goods and services on the agreed timeframes, Delphi’s ability to manage environmental risks and hazards and the cost of complying with environmental regulations, the accuracy of operating cost estimates, the accurate estimation of oil and gas reserves, future exploitation, development and production results and Delphi’s ability to market oil and natural gas successfully to current and new customers. Additionally, estimates as to expected average annual production rates assume that no unexpected outages occur in the infrastructure that the Company relies on to produce its wells, that existing wells continue to meet production expectations and any future wells scheduled to come on in the coming year meet timing and production expectations.

Commodity prices used in the determination of forecast revenues are based upon general economic conditions, commodity supply and demand forecasts and publicly available price forecasts. The Company continually monitors its forecast assumptions to ensure the stakeholders are informed of material variances from previously communicated expectations.

Financial outlook information contained in this management discussion and analysis about prospective results of operations, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on management’s assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this management discussion and analysis should not be used for purposes other than for which it is disclosed.

Although the Company believes that the expectations reflected in such forward-looking statements and information are reasonable, it can give no assurance that such expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent known and unknown risks and uncertainties. Delphi’s actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Delphi will derive therefrom. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production, delays or changes in plans with respect to exploration or development projects or capital expenditures, the uncertainty of estimates and projections relating to production rates, costs and expenses, commodity price and exchange rate fluctuations, marketing and transportation, environmental risks, competition from others for scarce resources, the ability to access sufficient capital from internal and external sources, changes in governmental regulation of the oil and gas industry and changes in tax, royalty and environmental legislation. Additional information on these and other factors that could affect the Company's operations or financial results are included in the Company's most recent Annual Information Form and other reports on file with the applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

Readers are cautioned that the foregoing list of factors is not exhaustive. Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A for the purpose of providing the readers with the Company's expectations for the coming year. The forward-looking statements and information may not be appropriate for other purposes. Delphi undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements contained in this management discussion and analysis are expressly qualified in their entirety by this cautionary statement.

PRODUCTION

What are the Company's production expectations for 2015?

The Company's expectations for its average annual production in 2015 has been revised to give effect to the disposition of the Company's Wapiti and Hythe CGUs and TransCanada pipeline downtime due to pipeline maintenance and inspections which are expected to continue through the rest of the year. The Company's firm transportation with Alliance Pipeline commences on December 1, 2015. The Company's production will also be dependent upon the number of wells drilled, funded by cash flow. Average annual production is expected to range between 9,500 and 9,800 boe/d. The production is expected to be split 30 percent to liquids and 70 percent to natural gas.

REVENUES

What does the Company project for crude oil and natural gas prices and the Canadian/United States exchange rate in 2015?

Natural Gas

United States natural gas prices are commonly referenced to the New York Mercantile Exchange Henry Hub in Louisiana ("NYMEX") while Canadian natural gas prices are typically referenced to the Canadian Alberta Energy Company interconnect with the TransCanada Alberta system ("AECO"). Natural gas prices are primarily influenced by North American, rather than global, supplies of natural gas versus domestic demand for winter heating and the generation of electricity for summer cooling requirements. Over the past six years, multi-stage hydraulic fracturing technology has unlocked significant natural gas resource potential in numerous shale basins in North America which are capable of initially producing at very high rates of natural gas before declining and producing for a long time. The United States has significantly grown its supply of dry gas to meet domestic demand over that same period of time further influencing the dynamics of the natural gas markets.

So far in 2015, natural gas storage levels remain at levels higher than the prior year. The increase in the storage levels compared to last year reflects both lower than expected heating demand this past winter and higher natural gas production. As a result of the high natural gas inventory storage levels and strong natural gas production rates, the average price for AECO in the first nine months of 2015 was $2.90 per thousand cubic feet ("mcf"). Consequently, Delphi is managing its forecast for AECO natural gas prices to average between $2.50 and $2.75 per mcf for the entire year.

Crude Oil

West Texas Intermediate at Cushing, Oklahoma is the benchmark reference for North American crude oil prices. Canadian crude oil prices are based upon postings, primarily at Edmonton, Alberta and represent the WTI price adjusted for quality and transportation differentials as well as the Canadian/United States ("Cdn/US") dollar exchange rate. The fundamental supply/demand equation for crude oil is imbalanced as global supply exceeds global demand. Global 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 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 global economy, particularly in China, and increased energy efficiency in developed nations.

Due to this imbalance in supply and demand for crude oil, Delphi is currently managing its capital program based on an average WTI price for 2015 of U.S. $50.00 per barrel.

Canadian/United States Exchange Rate

Both crude oil and natural gas prices in Canada are premised on the U.S. dollar price for each product adjusted for the Cdn/US dollar exchange rate and quality and transportation differentials. The strength or weakness of the Canadian dollar versus the U.S. dollar will largely reflect the global demand for raw materials, particularly metals, minerals and crude oil. The global financial markets tolerance for risk and its need for financial security in the form of holding U.S dollars will also have an effect on the value of the Canadian dollar against the U.S. dollar.

In 2014 and into 2015, the Canadian dollar has weakened relative to the U.S. dollar. The exchange rate is influenced by many variables which will continue to result in volatility. Delphi has assumed that the Canadian dollar will average between $0.75 and $0.80 Cdn. to U.S. dollar.

ROYALTIES

What average royalty rate does Delphi expect to pay in 2015?

The Company pays royalties to provincial governments, individuals and companies that own surface and/or mineral rights and Companies that have been granted an overriding royalty. These payments take the form of Crown, freehold and overriding royalties. Crown royalty rates for crude oil and natural gas are generally calculated on a sliding scale based on commodity prices and production rates whereas freehold and overriding royalty rates are generally a fixed percentage of revenue less the cost to deliver the product to market. Crown royalty rates can change due to price fluctuations or changes in production volumes on a well by well basis subject to minimum and maximum rates. For natural gas liquids, Crown royalty rates are a fixed percentage of revenue with the rate varying according to the nature of the product. Crown royalty credits are received from the Crown and represent the fee earned by the owners of natural gas processing infrastructure to process the Crown's royalty share of natural gas. Freehold royalties are paid on freehold lands and overriding royalties are generally payable on lands where the Company has earned an interest in the lands through a farm-in, whether the lands are Crown or freehold. Crown royalties are also influenced by royalty incentives provided by the provincial governments to stimulate drilling activity by the industry. Currently, Delphi expects the royalty regime in Alberta to remain stable throughout the remainder of 2015. During the second quarter of 2015, the newly appointed NDP government in Alberta has committed to a royalty review process which may have a significant impact on the current royalty regime in Alberta. The timing of the royalty review has not been defined. Royalties are not affected by gains or losses realized through the Company's risk management program.

For 2015, Delphi expects its royalty rate, after the deduction for royalty credits to average between nine and ten percent of gross revenue, excluding realized and unrealized gains or losses on commodity risk management contracts.

TRANSPORTATION EXPENSES AND OPERATING COSTS

Will Delphi be able to further reduce its costs of production in 2015?

Transportation expenses are costs incurred by the Company to transport its production volumes from the wellhead to the point of sales. In Alberta, transportation expense is influenced by market conditions and availability of existing pipeline capacity. In British Columbia, infrastructure is owned by Spectra Energy Corp. that enables natural gas producers to avoid facility construction in exchange for regulated gathering, processing and transmission fees. These charges are included in transportation expenses.

Delphi expects its transportation expenses to be approximately $3.75 to $4.00 per boe in 2015. Transportation expenses are subject to the availability of pipeline capacity on an interruptible basis in areas of significant production growth by industry.

The costs of production are influenced by industry activity, as costs tend to increase during periods of high industry activity and may experience some deflationary pressure during lower periods of activity. With the growth in Montney production as a percentage of total production, operating costs are expected to increase due to sour gas processing through non-operated facilities. Operating costs in 2015 are expected to average $8.75 to $9.00 per boe.

GENERAL & ADMINISTRATIVE AND FINANCE COSTS

What are the Company's overhead costs for personnel and financing?

In 2015, Delphi anticipates its general and administrative costs, net of capitalized amounts, to be approximately $1.80 to $1.90 per boe, very similar to 2014.

Interest costs will be dependent on market rates and credit spreads for the oil and gas sector and will be a function of the general economic conditions in Canada. If the economy is viewed as growing too fast, which may result in inflation, interest rates may be increased to slow down the pace of growth in the economy. If the economy is viewed as retracting, interest rates may be decreased in order to stimulate spending and encourage growth in the economy. Interest costs may also increase if funds from operations are less than expected and long term debt is used to fund a larger portion of the capital program than originally anticipated. The Company expects the Canadian prime rate to remain stable in 2015. Interest expense is expected to be approximately $2.00 to $2.25 per boe in 2015.

CAPITAL PROGRAM AND NET DEBT LEVELS

What are the Company's forecast capital expenditures and net debt levels for 2015?

The Company expects 2015 gross capital expenditures to be between $48.0 and $50.0 million to drill, complete and tie-in four to five wells dependent on commodity prices and hence funds from operations. The ability to drill, complete and tie-in wells assumes the availability of equipment and field personnel to undertake the operations. Historically, Delphi executes a winter capital program in excess of first quarter cash flow followed by at least one quarter of minimal activity prior to returning to the field with an active summer/fall program.

With the proceeds from the disposition of the Company's Wapiti and Hythe CGUs being applied against the Company's indebtedness, the Company is targeting net debt at December 31, 2015 to be between $123.0 and $125.0 million.

ADDITIONAL INFORMATION

Where is additional information about Delphi available?

Additional information about Delphi Energy is available on the Canadian Securities Administrators' System for Electronic Distribution and Retrieval (SEDAR) at www.sedar.com, on the Company's website at www.delphienergy.ca or by contacting the Company at Delphi Energy Corp. Suite 300, 500 – 4th Avenue S.W., Calgary, Alberta, T2P 2V6 or by e-mail at info@delphienergy.ca.

DELPHI ENERGY CORP.

Condensed Consolidated Statements of Financial Position

(thousands of dollars)	**September 30, 2015**	December 31, 2014
(unaudited)		
Assets		
Current assets		
Cash and cash equivalents	**2,331**	3,130
Accounts receivable	**14,538**	18,518
Prepaid expenses and deposits	**2,716**	3,099
Assets held for sale (Note 6)	**18,683**	-
Fair value of financial instruments (Note 5)	**13,057**	16,873
	51,325	41,620
Fair value of financial instruments (Note 5)	**12,381**	3,203
Exploration and evaluation (Note 7)	**19,095**	18,609
Property, plant and equipment (Note 8)	**327,239**	418,317
Total assets	**410,040**	481,749
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**28,387**	41,097
Liabilities associated with assets held for sale (Note 6)	**16,519**	-
Decommissioning obligations	**244**	477
Fair value of financial instruments (Note 5)	**1,633**	-
Subordinated debt (Note 9)	**13,825**	19,547
	60,608	61,121
Restricted share units	**45**	306
Long term debt (Note 9)	**108,454**	137,281
Decommissioning obligations	**27,261**	49,573
Fair value of financial instruments (Note 5)	**1,365**	-
Deferred income taxes	**-**	3,244
Total liabilities	**197,733**	251,525
Shareholders' equity		
Share capital (Note 10)	**309,389**	309,342
Contributed surplus	**19,086**	17,609
Deficit	**(116,168)**	(96,727)
Total shareholders' equity	**212,307**	230,224
Total liabilities and shareholders' equity	**410,040**	481,749

Subsequent events (Notes 5, 6, 12)

See accompanying notes to the condensed consolidated interim financial statements.

DELPHI ENERGY CORP.

Condensed Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss)
For the three and nine months ended September 30,

	Three Months Ended September 30		Nine Months Ended September 30	
(thousands of dollars, except per share amounts)	**2015**	2014	**2015**	2014
(unaudited)				
Revenues				
Crude oil and natural gas sales	**16,234**	35,117	**61,674**	128,336
Royalties	**(1,533)**	(5,021)	**(4,599)**	(20,233)
	14,701	30,096	**57,075**	108,103
Realized gain (loss) on financial instruments (Note 5)	**8,270**	(1,445)	**16,845**	(10,846)
Unrealized gain on financial instruments (Note 5)	**7,414**	4,727	**2,364**	1,549
	30,385	33,378	**76,284**	98,806
Expenses				
Operating	**7,471**	7,911	**24,153**	25,702
Transportation	**2,902**	3,363	**9,705**	10,278
General and administrative	**1,092**	1,440	**3,993**	4,576
Share-based compensation	**81**	631	**957**	4,088
Loss (gain) on dispositions (Note 6, 8)	**(980)**	(8,707)	**2,634**	(8,707)
Loss on decommissioning	**-**	-	**309**	389
Depletion, depreciation and impairment (Note 8)	**7,455**	10,236	**50,363**	30,919
	18,021	14,874	**92,114**	67,245
Finance costs	**1,694**	2,126	**6,855**	6,756
Earnings (loss) before income taxes	**10,670**	16,378	**(22,685)**	24,805
Income taxes				
Deferred income taxes	**-**	4,215	**(3,244)**	6,480
Net earnings (loss) and comprehensive income (loss)	**10,670**	12,163	**(19,441)**	18,325
Net earnings (loss) per share (Note 10)				
Basic	**0.07**	0.08	**(0.13)**	0.12
Diluted	**0.07**	0.08	**(0.13)**	0.11

See accompanying notes to the condensed consolidated interim financial statements.

DELPHI ENERGY CORP.

Condensed Consolidated Statements of Changes in Shareholders' Equity
For the nine months ended September 30,

(thousands of dollars)	Nine Months Ended September 30, **2015**	2014
(unaudited)		
Share capital		
Common shares		
Balance, beginning of period	**309,342**	305,027
Issued on exercise of options	**35**	2,902
Transferred on exercise of options	**12**	1,352
Balance, end of period	**309,389**	309,281
Contributed surplus		
Balance, beginning of period	**17,609**	16,663
Share-based compensation	**1,489**	1,656
Transferred on exercise of options	**(12)**	(1,352)
Balance, end of period	**19,086**	16,967
Deficit		
Balance, beginning of period	**(96,727)**	(89,464)
Net earnings (loss)	**(19,441)**	18,325
Balance, end of period	**(116,168)**	(71,139)
Total shareholders' equity	**212,307**	255,109

See accompanying notes to the condensed consolidated interim financial statements.

DELPHI ENERGY CORP.

Condensed Consolidated Statements of Cash Flows
For the three and nine months ended September 30,

	Three Months Ended September 30		Nine Months Ended September 30	
(thousands of dollars)	**2015**	2014	**2015**	2014
(unaudited)				
Cash flow from (used in) operating activities				
Net earnings	**10,670**	12,163	**(19,441)**	18,325
Adjustments for:				
Depletion, depreciation and impairment	**7,455**	10,236	**50,363**	30,919
Accretion and finance charges	**338**	409	**1,058**	1,217
Share-based compensation	**1**	632	**261**	2,216
Loss (gain) on dispositions	**(980)**	(8,707)	**2,634**	(8,707)
Loss on decommissioning	**-**	-	**309**	389
Unrealized (gain) loss on financial instruments	**(7,414)**	(4,727)	**(2,364)**	(1,549)
Deferred income taxes	**-**	4,215	**(3,244)**	6,480
Accretion of subordinated debt and long term debt	**(797)**	477	**(567)**	49
Decommissioning expenditures	**(104)**	(445)	**(426)**	(1,074)
Change in non-cash working capital (Note 11)	**(2,434)**	(5,843)	**(4,693)**	2,770
	6,735	8,410	**23,890**	51,035
Cash flow from (used in) financing activities				
Exercise of options	**-**	324	**35**	2,902
Increase (decrease) in long term debt	**(43,908)**	17,244	**(28,360)**	32,244
Decrease in subordinated debt	**(6,000)**	-	**(6,000)**	-
	(49,908)	17,568	**(34,325)**	35,146
Cash flow available for investing activities	**(43,173)**	25,978	**(10,435)**	86,181
Cash flow from (used in) investing activities				
Additions to exploration and evaluation	**(152)**	(8,782)	**(486)**	(44,698)
Acquisitions of exploration and evaluation	**-**	(8,800)	**-**	(8,800)
Additions to property, plant and equipment	**(20,799)**	(20,568)	**(40,781)**	(39,301)
Disposition of property, plant and equipment	**43,397**	15,964	**53,866**	15,964
Change in non-cash working capital (Note 11)	**11,057**	10,289	**(2,963)**	2,373
	33,503	(11,897)	**9,636**	(74,462)
Increase (decrease) in cash and cash equivalents	**(9,670)**	14,081	**(799)**	11,719
Cash and cash equivalents, beginning of period	**12,001**	-	**3,130**	2,362
Cash and cash equivalents, end of period	**2,331**	14,081	**2,331**	14,081
Cash interest paid	**2,778**	1,970	**7,399**	4,228

See accompanying notes to the condensed consolidated interim financial statements.

1) STRUCTURE OF DELPHI

Delphi Energy Corp. ("Delphi" or "the Company") is a publicly-traded company engaged in the exploration for, development and production of crude oil and natural gas from properties and assets located in Western Canada in which it holds an interest. The Company's operations are primarily concentrated in the Deep Basin of North West Alberta, from which in excess of 90 percent of the Company's production is obtained. The registered office of the Company is located at Suite 300, 500 – 4th Avenue S.W., Calgary, Alberta, T2P 2V6.

The condensed consolidated interim financial statements as at and for the three and nine months ended September 30, 2015 comprise the accounts of the Company, its wholly-owned subsidiary and a partnership.

2) BASIS OF PRESENTATION

(a) Statement of compliance and authorization

These condensed consolidated interim financial statements are unaudited and prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board, and do not include all of the information and disclosures normally provided in annual financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2014.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on November 9, 2015.

(b) Basis of measurement and functional currency

The condensed consolidated interim financial statements have been prepared on a going concern basis, using historical costs, except for derivative financial instruments and liabilities for cash-settled share-based payment arrangements which are measured at fair value. The financial statements are presented in Canadian dollars, the Company's functional currency and rounded to the nearest thousand (unless stated otherwise).

(c) Use of estimates and judgments

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

In preparing these condensed consolidated interim financial statements, the critical judgments that management has made in the process of applying Delphi's accounting policies and that have the most significant effect on the amounts recognized were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2014.

3) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended December 31, 2014.

4) DETERMINATION OF FAIR VALUES

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

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

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

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

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

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

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

(b) Subordinated debt and long term debt:

The fair value disclosure of the Company's subordinated debt is measured at level 2 of the fair value hierarchy for disclosure purposes. The subordinated debt has a fair value of $13.6 million based on future cash flows associated with the facility discounted at current market rates of interest. In the case of long term debt, the fair value approximates its carrying value as it bears interest at floating rates and the applicable margin is indicative of the Company's current credit premium.

(c) Restricted share units:

The restricted share unit liability is measured at level 2 of the fair value hierarchy. The fair value is based on the Company's closing share price on the last business day immediately preceding the date of the consolidated statement of financial position.

(d) Derivatives:

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

5) FINANCIAL RISK MANAGEMENT

The Company is exposed to market, credit and liquidity risks from its use of financial instruments. There have not been any changes to the Company's exposure to each of the above risks and the Company's policies and processes for measuring and managing these risks since December 31, 2014.

As at September 30, 2015, Delphi had the following risk management contracts outstanding:

Natural Gas Contracts

Time Period	Type of Contract	Average Quantity Contracted	Average Price ($/unit)		Reference
April 2013 – December 2015 [(1)]	Natural Gas - financial	3,000 GJ/d	$3.27	Cdn	AECO
April 2013 – December 2016 [(2)]	Natural Gas - financial	3,000 GJ/d	$3.40	Cdn	AECO
June 2013 – November 2015 [(3)]	Natural Gas - financial	6,000 GJ/d	$3.45	Cdn	AECO
January 2015 – December 2015 [(1)]	Natural Gas - financial	2,500 GJ/d	$3.67	Cdn	AECO
January 2015 – December 2015 [(1)]	Natural Gas - financial	2,500 GJ/d	$3.69	Cdn	AECO
January 2015 – December 2015	Natural Gas - financial	2,500 GJ/d	$3.69	Cdn	AECO
January 2015 – December 2015	Natural Gas - financial	2,500 GJ/d	$3.80	Cdn	AECO
April 2015 – October 2015	Natural Gas - financial	2,000 GJ/d	$2.71	Cdn	AECO
April 2015 – October 2015	Natural Gas - financial	5,000 GJ/d	$3.23	Cdn	AECO
April 2015 – October 2015	Natural Gas - financial	2,500 GJ/d	$3.49	Cdn	AECO
April 2015 – October 2015	Natural Gas - financial	2,500 GJ/d	$3.62	Cdn	AECO
May 2015 – October 2015	Natural Gas - financial	3,000 GJ/d	$3.20	Cdn	AECO
October 2015	Natural Gas - physical	2,500 GJ/d	$2.81	Cdn	AECO
October - November 2015	Natural Gas - physical	6,000 mmbtu/d	$3.04	U.S.	Chicago
November 2015	Natural Gas - financial	2,500 GJ/d	$3.00	Cdn	AECO
November 2015	Natural Gas - financial	5,000 GJ/d	$2.92	Cdn	AECO
November 2015	Natural Gas - financial	5,000 GJ/d	$2.98	Cdn	AECO
December 2015 – December 2016	Natural Gas - financial	5,000 mmbtu/d	$3.45	U.S.	NYMEX
December 2015 – December 2018	Natural Gas - financial	5,000 mmbtu/d	$3.55	U.S.	NYMEX
December 2015 – December 2018	Natural Gas - financial	5,000 mmbtu/d	$3.57	U.S.	NYMEX
January 2016 – February 2016	Natural Gas - financial	3,000 GJ/d	$3.40	Cdn	AECO
January 2016 – December 2016	Natural Gas - financial	2,500 GJ/d	$3.69	Cdn	AECO
January 2016 – December 2017	Natural Gas – financial	5,000 mmbtu/d	$3.86	U.S.	NYMEX
January 2017 – December 2017	Natural Gas – financial	2,500 GJ/d	$3.75	Cdn	AECO

(1) Subsequent to September 30, 2015, Delphi unwound the last month of these contracts for proceeds of $222 thousand.

(2) Subsequent to September 30, 2015, Delphi unwound the months of December 2015 and March 2016 to December 2016 of this contract for proceeds of $0.8 million.

(3) This contract had an original term from June 2013 to December 2016. During the quarter, Delphi unwound the contract for the time period from December 2015 to December 2016 for proceeds of $1.5 million.

Crude Oil Contracts

Time Period	Type of Contract	Quantity Contracted	Price ($/unit)		Reference
January 2015 – December 2015	Crude Oil – put option [(1)]	1,220 bbls/d	$80.00	Cdn	WTI
January 2016 – December 2016 [(2)]	Crude Oil – financial	200 bbls/d	$78.46	Cdn	WTI
January 2016 – December 2016 [(2)]	Crude Oil – financial	200 bbls/d	$78.35	Cdn	WTI
January 2016 – December 2016 [(2)]	Crude Oil – collar [(3)]	400 bbls/d	$78.60 - $85.00	Cdn	WTI

(1) Delphi has two put option contracts for 250 bbls/d each at a floor price of $100.85 Cdn and $101.00 Cdn, respectively, acting as the purchaser of the put contracts. In exchange for the put contract entered into for the calendar year of 2015 for 1,220 bbls/d at a strike price of $80.00 per barrel, Delphi entered into an additional two put contracts with the same counterparty for 250 bbls/d each at a floor price of $100.85 Cdn and $101.00 Cdn, respectively, acting as the seller of the put contracts.

(2) These contracts had an original term from January 2016 to December 2018. During the quarter, Delphi unwound the contracts for the calendar years of 2017 and 2018 for proceeds of $2.5 million.

(3) The collar has a deferred cost of $4.02 per barrel.

Commencing December 1, 2015, Delphi will be shipping the majority of its natural gas production through the Alliance pipeline system into the Chicago market. Delphi's realized natural gas price will be predominantly based on the Chicago index. As a result, the Company has entered into basis differential and U.S. dollar forward exchange contracts in order to fix the price on a portion of its future production.

Basis Differential Contracts

Time Period	Type of Contract	Quantity Contracted	Differential (U.S. $/unit)
December 2015 – December 2016	Chicago – Nymex differential	2,500 mmbtu/d	$0.010 Cdn
December 2015 – December 2016	Chicago – Nymex differential	5,000 mmbtu/d	$0.020 Cdn
December 2015 – December 2016	Chicago – Nymex differential	5,000 mmbtu/d	$0.010 Cdn
December 2015 – December 2016	Chicago – Nymex differential	2,500 mmbtu/d	$0.010 Cdn
January 2016 – December 2016	Chicago – Nymex differential	2,500 mmbtu/d	$0.025 Cdn
January 2016 – December 2016	Chicago – Nymex differential	2,500 mmbtu/d	$0.020 Cdn

U.S. Dollar Forward Exchange Contracts

Time Period	Notional U.S. $	Exchange Rate (U.S.$ to Cdn$)
May 2015 – December 2018	250.0	1.2574
June 2015 – December 2016	250.0	1.1965
December 2015 – December 2016	200.0	1.2520
December 2015 – December 2016	275.0	1.2520
December 2015 – December 2016	200.0	1.2520
December 2015 – November 2017	200.0	1.2500
January 2016 – December 2017	200.0	1.3050
January 2016 – December 2017	200.0	1.3075
January 2016 – December 2017	300.0	1.3005

Interest Rate Swap

Time Period	Amount	Fixed Interest Rate
May 2015 – May 2017	30,000	0.875

The fair value of the risk management contracts outstanding as at September 30, 2015 is estimated to be a net asset of $22.4 million (December 31, 2014, net asset of $20.1 million). As at September 30, 2015, the following derivative financial assets and financial liabilities were offset on the consolidated statement of financial position:

	Gross Amounts of Recognized Financial Assets (Liabilities)	Gross Amounts of Recognized Financial Assets (Liabilities) Offset	Net Amounts of Financial Assets (Liabilities) Recognized
Risk management contracts			
Current asset	16,205	(3,148)	13,057
Long term asset	12,508	(127)	12,381
Current liability	(1,992)	359	(1,633)
Long term liability	(1,950)	585	(1,365)
Net asset (liability)	**24,771**	**(2,331)**	**22,440**

For the three and nine months ended September 30, 2015, the risk management contracts resulted in realized gains of $8.3 million and $16.9 million, respectively. During the third quarter of 2015, Delphi unwound portions of some of its risk management contracts for proceeds of $4.0 million, which is included in realized gains on risk management contracts in the consolidated statement of earnings.

For the three and nine months ended September 30, 2015, Delphi recorded an unrealized gain on its risk management contracts of $7.4 million and $2.4 million, respectively. The unrealized gain recognized for the three months ended September 30, 2015 is the difference between the fair values of the risk management contracts outstanding as at September 30, 2015 and the fair values as at June 30, 2015. The unrealized gain recognized for the nine months ended September 30, 2015 is the difference between the fair values of the risk management contracts outstanding as at September 30, 2015 and the fair values as at December 31, 2014.

As at September 30, 2015, if the future strip prices for crude oil were $1.00 per barrel higher with all other variables held constant, the unrealized gain on risk management contracts for the three and nine months ended September 30, 2015 would have decreased by $4.0 million. As at September 30, 2015, if the future strip prices for natural gas were $0.10 per gigajoule or $0.10 per million British thermal unit higher with all other variables held constant, the unrealized gain on risk management contracts for the three and nine months ended September 30, 2015 would have decreased by $0.6 million.

Subsequent to September 30, 2015, Delphi entered into the following natural gas risk management contracts:

Time Period	Type of Contract	Average Quantity Contracted	Average Price ($/unit)		Reference
December 2015	Natural Gas – financial	7,500 mmbtu/d	$2.94	U.S.	Chicago
January 2016 – September 2016	Natural Gas – financial	2,400 mmbtu/d	$2.815	U.S.	Chicago
March 2016 – September 2016	Natural Gas – financial	2,850 mmbtu/d	$2.718	U.S.	Chicago

6) ASSETS AND LIABILITIES HELD FOR SALE

During the third quarter of 2015, Delphi negotiated the disposition of its Hythe cash generating unit (“CGU”) and some assets in the Company’s Miscellaneous AB and British Columbia CGUs. The facts and circumstances necessary to classify non-current assets as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale (“IFRS 5”), were satisfied on September 30, 2015.

On October 15, 2015, Delphi entered into a purchase and sale agreement for the assets held for sale for $12.0 million, subject to normal closing adjustments. In accordance with IFRS 5, Delphi has measured the assets held for sale at their carrying amount, which is lower than the fair value less costs to sell.

7) EXPLORATION AND EVALUATION ASSETS

	Total
Balance as at December 31, 2013	24,666
Additions	44,864
Acquisitions	8,800
Expense	(3,634)
Transfer to oil and gas properties	(56,087)
Balance as at December 31, 2014	18,609
Additions	486
Balance as at September 30, 2015	**19,095**

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

During the first nine months of 2015, Delphi added $0.5 million of exploration and evaluation expenditures related to developing the Montney formation at Bigstone.

8) PROPERTY, PLANT AND EQUIPMENT

Cost	Crude oil and natural gas properties	Production equipment	Other assets	Total
Balance as at December 31, 2013	614,194	50,312	885	665,391
Additions	35,388	22,353	151	57,892
Acquisitions	10,356	1,070	-	11,426
Decommissioning obligations	3,695	719	-	4,414
Dispositions	(25,818)	(1,071)	-	(26,889)
Transfer from exploration and evaluation assets	56,087	-	-	56,087
Balance as at December 31, 2014	693,902	73,383	1,036	768,321
Additions	39,544	1,477	37	41,058
Decommissioning obligations	(6,478)	(112)	-	(6,590)
Assets held for sale	(181,513)	(13,536)	-	(195,049)
Dispositions	(116,058)	(14,255)	-	(130,313)
Balance as at September 30, 2015	**429,397**	**46,957**	**1,073**	**477,427**

Accumulated depletion and depreciation	Crude oil and natural gas properties	Production equipment	Other assets	Total
Balance as at December 31, 2013	(251,462)	(13,634)	(502)	(265,598)
Depletion and depreciation	(43,444)	(1,357)	(128)	(44,929)
Dispositions	16,522	549	-	17,071
Impairment losses	(53,212)	(3,336)	-	(56,548)
Balance as at December 31, 2014	(331,596)	(17,778)	(630)	(350,004)
Depletion and depreciation	(30,007)	(1,196)	(90)	(31,293)
Impairment	(17,194)	(1,876)	-	(19,070)
Assets held for sale	164,236	12,130	-	176,366
Dispositions	73,540	273	-	73,813
Balance as at September 30, 2015	**(141,021)**	**(8,447)**	**(720)**	**(150,188)**

Net book value as at September 30, 2015	**288,376**	**38,510**	**353**	**327,239**
Net book value as at December 31, 2014	362,306	55,605	406	418,317

For the three months ended September 30, 2015, Delphi has included $293.2 million (September 30, 2014: $437.9 million) for future development costs and excluded $1.1 million (September 30, 2014: $2.0 million) for estimated salvage to its costs subject to depletion and depreciation.

For the nine months ended September 30, 2015, Delphi capitalized $1.8 million (December 31, 2014: $2.8 million) of general and administrative expenses and $0.6 million (December 31, 2014: $0.9 million) of share-based compensation expense directly related to exploration and development activities.

In the second quarter of 2015, Delphi disposed of a certain interest in its British Columbia CGU for net proceeds of $469 thousand. The net assets sold had a net book value of $333 thousand, including decommissioning obligations of $515 thousand, resulting in a $136 thousand gain on the disposition.

During the third quarter of 2015, Delphi disposed of its Wapiti CGU for net proceeds of $48.8 million. The net assets had a net book value of $53.5 million, including decommissioning obligations of $6.8 million, resulting in a $4.7 million loss on the disposition. In addition, Delphi received proceeds of $4.6 million in exchange for a gross overriding royalty on two gross wells completed during the quarter. A gain of $2.0 million was recorded on this disposition.

During the second quarter of 2015, due to minimal capital spending in all CGUs with the exception of Bigstone, a loss recognized on the sale of the Company's Wapiti CGU and a further decrease in the forward price curves for natural gas and crude oil, Delphi determined that indicators of impairment were present in all CGUs, other than Bigstone. As a result of the impairment tests, Delphi recognized $19.1 million of impairments relating to its Hythe, Miscellaneous Alberta and British Columbia CGUs. The impairments were based on the difference between the period end carrying value of the CGUs and the recoverable amount. The recoverable amounts were determined using a fair value less costs to sell methodology with the expected future cash flows based on proved and probable reserves using pre-tax discount rates of 15 to 20 percent.

9) LONG TERM DEBT AND SUBORDINATED DEBT

	September 30, 2015	December 31, 2014
Senior Credit Facility		
Prime-based loans	**10,000**	38,000
Bankers' acceptances, net of discount	**98,454**	99,281
	108,454	137,281
Subordinated debt, net of finance costs	**13,825**	19,547
Total	**122,279**	156,828

During the third quarter of 2015, the Company's senior extendible revolving term credit facility was re-determined giving effect to the disposition of Delphi's Wapiti CGU, resulting in a $175.0 million credit facility with borrowings in excess of $140.0 million subject to consent of the lenders. With the proceeds from the disposition of the Company's Wapiti CGU, Delphi has repaid $44.0 million on its senior credit facility.

The Company's senior extendible revolving term credit facility with a syndicate of Canadian chartered banks is subject to the banks' semi-annual review of the Company's crude oil and natural gas properties. The facility is a 364 day committed facility available on a revolving basis until May 25, 2016 at which time it may be extended at the lenders' option. If the revolving period is not extended, the undrawn portion of the facility will be cancelled and the amount outstanding will convert to a 365 day non-revolving term facility. The amounts outstanding under the non-revolving facility would be required to be repaid at the end of the non-revolving term being May 24, 2017. The non-extension provisions are applicable to the lenders on an individual basis.

Interest payable on amounts drawn under the facility is at the prevailing bankers' acceptance rates plus stamping fees, lenders' prime rate or U.S. base rate plus the applicable margins, depending on the form of borrowing by the Company. The applicable margins and stamping fees are based on a sliding scale pricing grid tied to the Company's trailing net debt to annualized quarterly funds from operations ratio: from a minimum of the bank's prime rate or U.S. base rate plus 1.00 percent to a maximum of the bank's prime rate or U.S. base rate plus 2.50 percent or from a minimum of bankers' acceptances rate plus a stamping fee of 2.00 percent to a maximum of bankers' acceptances rate plus a stamping fee of 3.50 percent.

The syndicated credit facility is secured by a $300.0 million demand floating charge debenture and a general security agreement over all assets of the Company.

The semi-annual review of the Company's $175.0 million extendible revolving term credit facility will be conducted during the fourth quarter of 2015. The borrowing base of the facilities will be based on the lenders' evaluation of the Company's petroleum and natural gas reserves at the time and commodity prices. A decrease in the borrowing base could result in a reduction to the credit facility, which may require a repayment to the lenders.

In addition to the syndicated credit facility, the Company has a subordinated demand credit facility with a Canadian energy and resource lender. During the third quarter of 2015, as a result of the proceeds from the disposition of the Company's Wapiti CGU, the Company repaid $6.0 million on its subordinated facility. The repayment has resulted in a decrease in the facility from $20.0 million to $14.0 million.

The debt is secured by the Company's assets and subordinate to the Company's senior credit facility. The subordinated debt has a maturity date of June 30, 2016. At maturity, the Company expects to repay the subordinated debt through borrowings under its senior credit facility.

The subordinated debt has an annual coupon rate of 10.5 percent with interest payable monthly. A deferred fee of 1.5 percent of the facility is due upon maturity.

The subordinated debt is presented net of financing costs and is accreted using the effective interest rate method such that the carrying amount of the subordinated debt will be equal to the principal amount plus the 1.5 percent deferred fee at maturity.

The senior credit facility and the subordinated demand credit facility are subject to the following financial covenants:

Financial covenant	**Requirement**	**As at September 30, 2015**	**Facility subject to financial covenant**
Adjusted working capital ratio	$\geq$ 1.0 : 1.0	2.3	Senior, Subordinated
Net debt to equity ratio	< 1.0 : 1.0	0.6	Subordinated
Net debt to funds from operations ratio as at December 31, 2015	$\leq$ 3.5 : 1.0	N/A	Subordinated

During the second quarter of 2015, the subordinated debt lenders agreed to an amendment to certain financial covenants in response to the continued weak commodity pricing environment. The amendment no longer requires quarterly compliance with a net debt to funds from operations ratio and is now subject to a net debt to funds from operations ratio of no greater than 3.5 times at December 31, 2015.

For the purpose of the financial covenants, the following definitions are applicable:

Adjusted working capital ratio

Current assets include the undrawn portion of the senior credit facility and exclude the current portion of the fair value of financial instruments. Current liabilities exclude the current portion of long term debt and subordinated debt and the current portion of the fair value of financial instruments.

Net debt to equity ratio

Net debt is defined as long term debt and subordinated debt plus (minus) the working capital deficit (surplus) excluding the current portion of the fair value of financial instruments. Equity is equivalent to shareholders' equity.

Net debt to funds from operations ratio

Net debt is defined as long term debt and subordinated debt plus (minus) the working capital deficit (surplus) excluding the current portion of the fair value of financial instruments. Funds from operations is defined as cash flow from operating activities before accretion of long term and subordinated debt, decommissioning expenditures and changes in non-cash working capital from operating activities. Delphi's most recently completed quarter's funds from operations is annualized (multiplied by four) for the calculation of this ratio.

10) SHARE CAPITAL

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

(a) Issued and outstanding	**September 30, 2015**		December 31, 2014	
	Outstanding shares (000's)	**Amount**	Outstanding shares (000's)	Amount
Balance, beginning of period	**155,477**	**309,342**	153,254	305,027
Issued on exercise of stock options	**33**	**35**	2,223	2,947
Transferred on exercise of options	**-**	**12**	-	1,368
Balance, end of period	**155,510**	**309,389**	155,477	309,342

As at September 30, 2015, 12.2 million stock options were outstanding with a weighted exercise price of $1.88 per option.

During the nine months ended September 30, 2015, 740 thousand restricted share units vested resulting in a cash expense, net of capitalization, of $0.7 million. As at September 30, 2015, 550 thousand restricted share units were outstanding.

(b) Net earnings per share

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	**2015**	2014
Weighted average common shares - basic	**155,510**	155,285	**155,499**	154,633
Dilutive effect of share options outstanding	**-**	6,165	**-**	5,382
Weighted average common shares - diluted	**155,510**	161,450	**155,499**	160,015

For the three months ended September 30, 2015, a total of 12.2 million stock options (September 30, 2014: 6.6 million) were excluded from the calculation as they were anti-dilutive. For the nine months ended September 30, 2015, a total of 12.2 million stock options (September 30, 2014: 7.4 million) were excluded from the calculation as they were anti-dilutive.

11) SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	**2015**	2014
Source (use) of cash				
Accounts receivable	**(981)**	(3,428)	**3,980**	(3,518)
Prepaid expenses and deposits	**949**	886	**383**	2,445
Outstanding cheques	**-**	(2,012)	**-**	-
Accounts payable and accrued liabilities	**8,655**	9,000	**(12,019)**	6,216
Total change in non-cash working capital	**8,623**	4,446	**(7,656)**	5,143
Relating to:				
Operating activities	**(2,434)**	(5,843)	**(4,693)**	2,770
Investing activities	**11,057**	10,289	**(2,963)**	2,373
	8,623	4,446	**(7,656)**	5,143

12) SUBSEQUENT EVENT

On November 2, 2015, Delphi closed the disposition of its Hythe CGU and some assets in the Company's Miscellaneous AB and British Columbia CGUs for gross proceeds of $12.0 million. The proceeds from the disposition have been applied against the Company's outstanding bank indebtedness.

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

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INDEPENDENT ENGINEERS

GLJ Petroleum Consultants Ltd.

STOCK EXCHANGE LISTING

Toronto Stock Exchange – DEE

TRANSFER AGENT

Computershare Trust Company of Canada

ABBREVIATIONS

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

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