

DYNAMIC OIL & GAS EXPLORATION INC.
(Formerly Dominion Energy Inc.)

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
Three and Six Months Ended June 30, 2014 and 2013

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

DYNAMIC OIL & GAS EXPLORATION INC.
(Formerly Dominion Energy Inc.)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Notes	June 30, 2014 \$	December 31, 2013 \$
ASSETS			
Current assets			
Cash		124,796	313,318
GST recoverable		9,209	7,221
Prepaid expenses		441	1,691
		134,446	322,230
Equipment		2,991	-
Total assets		137,437	322,230
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	3,5	23,220	61,444
Subscriptions payable		5,000	5,000
Total liabilities		28,220	66,444
EQUITY ATTRIBUTABLE TO SHAREHOLDERS			
Share capital	4	14,410,726	14,410,726
Contributed surplus		1,202,048	1,029,866
Deficit		(15,503,557)	(15,184,806)
Total equity attributable to shareholders		109,217	255,786
Total liabilities and equity attributable to shareholders		137,437	322,230

Organization and nature of operations and going concern (Note 1)

Approved by the Board of Directors

%G Gunther Roehlig+ Director

%R Rob McMorran+ Director

The accompanying notes are an integral part of these condensed interim financial statements

DYNAMIC OIL & GAS EXPLORATION INC.
(Formerly Dominion Energy Inc.)
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the three and six months ended June 30, 2014 and 2013
(Unaudited - Expressed in Canadian Dollars)

	Notes	Three months ended		Six months ended	
		2014	June 30, 2013	2014	June 30, 2013
		\$	\$	\$	\$
General and administrative expenses					
Accounting and audit	5	6,012	7,026	14,612	24,689
Amortization		155	-	155	-
Consulting fees	5	31,200	-	49,290	86,450
Legal		12,173	23,461	33,238	111,456
Office and miscellaneous		14,503	15,499	49,265	61,112
Share-based payments	4(b)	-	-	172,182	-
Loss before other items		(64,043)	(45,986)	(318,742)	(283,707)
Foreign exchange gain (loss)		168	(2,408)	(9)	(3,746)
Gain on forgiveness of debt		-	-	-	4,480
Loss on debt assignment		-	(400,000)	-	(400,000)
Comprehensive loss for the period		(63,875)	(448,394)	(318,751)	(682,973)
Basic and diluted loss per share		(0.00)	(0.01)	(0.00)	(0.02)
Weighted average number of shares outstanding		64,558,143	39,558,143	64,558,143	39,558,143

The accompanying notes are an integral part of these condensed interim financial statements

DYNAMIC OIL & GAS EXPLORATION INC.
(Formerly Dominion Energy Inc.)
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
For the three and six months ended June 30, 2014 and 2013
(Unaudited - Expressed in Canadian Dollars)

	Number of shares	Amount \$	Subscriptions Received \$	Contributed Surplus \$	Deficit \$	Total \$
Balance, December 31, 2012	39,558,143	13,169,360	-	1,029,866	(14,405,831)	(206,605)
Subscriptions received	-	-	20,000	-	-	20,000
Comprehensive loss for the period	-	-	-	-	(682,973)	(682,973)
Balance, June 30, 2013	39,558,143	13,169,360	20,000	1,029,866	(15,088,804)	(869,578)
Issued during the period:						
For cash pursuant to private placement	15,327,084	766,354	(20,000)	-	-	746,354
For the settlement of debt	9,672,916	483,646	-	-	-	483,646
Less: issue costs - cash	-	(8,634)	-	-	-	(8,634)
Comprehensive loss for the period	-	-	-	-	(96,002)	(96,002)
Balance, December 31, 2013	64,558,143	14,410,726	-	1,029,866	(15,184,806)	255,786
Share-based payments	-	-	-	172,182	-	172,182
Comprehensive loss for the period	-	-	-	-	(318,751)	(318,751)
Balance, June 30, 2014	64,558,143	14,410,726	-	1,202,048	(15,503,557)	109,217

DYNAMIC OIL & GAS EXPLORATION INC.
(Formerly Dominion Energy Inc.)
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the six months ended June 30, 2014 and 2013
(Unaudited - Expressed in Canadian Dollars)

	2014	2013
	\$	\$
Cash flow provided by (used in)		
Operating activities		
Loss for the period	(318,751)	(682,973)
Add (deduct) non-cash items:		
Amortization	155	-
Gain on forgiveness of debt	-	(4,480)
Loss on debt settlement	-	400,000
Share-based payments	172,182	-
	(146,414)	(287,453)
Changes in non-cash working capital items		
GST recoverable	(1,988)	21,679
Prepaid expenses	1,250	1,280
Accounts payable and accrued liabilities	(38,224)	171,086
	(185,376)	(93,408)
Investing activities		
Deferred financing costs	-	(7,100)
Purchase of equipment	(3,146)	-
	(3,146)	(7,100)
Financing activities		
Proceeds from share subscriptions	-	20,000
Repayment of demand loans	-	(4,422)
	-	15,578
Decrease in cash during the period	(188,522)	(84,930)
Cash . beginning of the period	313,318	94,576
Cash . end of the period	124,796	9,646

DYNAMIC OIL & GAS EXPLORATION INC.
(Formerly Dominion Energy Inc.)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three and six months ended June 30, 2014 and 2013
(Unaudited - Expressed in Canadian Dollars)

1. ORGANIZATION AND NATURE OF OPERATIONS AND GOING CONCERN

Dynamic Oil & Gas Exploration Inc. (formerly Dominion Energy Inc.) (the Company) was incorporated under the Alberta Business Corporations Act on November 23, 2004. The Company's main activities during the six months ended June 30, 2014 and the year ended December 31, 2013 were maintaining its public listing and pursuing potential business opportunities as they arise. The Company is listed on the TSX Venture Exchange's NEX board under the trading symbol DME.H. The Company's head office is located at Suite 2301, 1011 West Cordova Street, Vancouver, BC.

These condensed interim financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. At June 30, 2014, the Company had accumulated losses of \$15,503,557 since its inception and expects to incur further losses in the development of its business. For the six months ended June 30, 2014 the Company experienced a loss of \$318,751 and used \$185,376 in operations. These factors indicate a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to discharge its liabilities in the normal course of business.

Management has determined that the Company will have enough cash on hand to continue operations for the next twelve months, but the continuation of the Company is dependent upon obtaining necessary financing and to meet its ongoing levels of corporate overhead.

While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that financing will be available on terms which are acceptable to the Company. These condensed interim financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

2. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2013, which have been prepared in accordance with IFRS as issued by the IASB.

The Company uses the same accounting policies and methods of computation as in the annual financial statements for the year ended December 31, 2013. These financial statements were approved by the board of directors for use on August 26, 2014

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3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2014	December 31, 2013
	\$	\$
Trade payables	22,346	57,119
Amounts due to related parties (Note 5)	874	4,325
	23,220	61,444

4. SHARE CAPITAL

- a) Authorized: Unlimited common shares without par value.
Unlimited preferred shares issuable in series.

- b) Options:

The Company has established a stock option plan in accordance with the policies of the TSX Venture Exchange under which it is authorized to grant share purchase options up to 10% of its outstanding shares. The exercise price of options granted is greater than or equal to the market price of the Company's shares on the date of the grant. The options are for a maximum term of five years. All options vest on the date of grant, unless otherwise indicated.

A summary of the status of the Company's stock option plan as of June 30, 2014 and December 31, 2013 and the changes during the periods then ended is presented below:

	Number of options	Weighted average exercise price \$
Balance outstanding . December 31, 2013 and 2012	-	-
Granted	3,000,000	0.10
Balance outstanding and exercisable . June 30, 2014	3,000,000	0.10

During the six months ended June 30, 2014, the Company recognized share-based payments in the amount of \$172,182 (2013 - \$nil). The fair value of the options granted during the six months ended June 30, 2014 of \$0.057 per option was determined using the Black-Scholes pricing model with the following assumptions: share price . \$0.08; exercise price . \$0.10; risk-free rate of interest . 1.63%; expected life . 5 years; expected volatility . 100%; expected dividends . nil.

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Details of the options outstanding as at June 30, 2014 is as follows:

Expiry date	Exercise price \$	Options outstanding
February 21, 2019	0.10	3,000,000
		<u>3,000,000</u>

5. RELATED PARTY TRANSACTIONS

The Company incurred the following charges with directors and officers of the Company and/or companies controlled by them during the three and six months ended June 30, 2014 and 2013:

	Three months ended		Six months ended	
	2014	June 30, 2013	2014	June 30, 2013
	\$	\$	\$	\$
Accounting fees	4,512	6,226	13,112	20,689
Consulting fees	23,700	-	34,290	30,000
	<u>28,212</u>	<u>6,226</u>	<u>47,402</u>	<u>50,689</u>

Included in accounts payable and accrued liabilities as at June 30, 2014 is \$874 (December 31, 2013 - \$4,325) due to current directors and officers of the Company and/or companies controlled by them. The amounts owing are unsecured, non-interest bearing and due on demand.

Key management includes the directors of the Company. The compensation paid or payable to key management for services during the three and six months ended June 30, 2014 and 2013 is identical to the table above other than share-based payments of \$80,351 (2013 - \$nil).