

DYNAMIC OIL & GAS EXPLORATION INC.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited - expressed in Canadian Dollars)
For the Three Months Ended March 31, 2015 and 2014

**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.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - expressed in Canadian Dollars)

	Notes	March 31, 2015 \$	December 31, 2014 \$
ASSETS			
Current assets			
Cash		20,159	46,585
GST recoverable		4,384	5,789
Prepaid expenses		2,841	1,591
		<u>27,384</u>	<u>53,965</u>
Equipment	3	3,520	3,728
Total assets		<u>30,904</u>	<u>57,693</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	4,6	40,175	37,338
Subscriptions payable		5,000	5,000
		<u>45,175</u>	<u>42,338</u>
(DEFICIT) EQUITY ATTRIBUTABLE TO SHAREHOLDERS			
Share capital	5	14,410,726	14,410,726
Contributed surplus		1,236,455	1,236,455
Deficit		(15,661,452)	(15,631,826)
Total (deficit) equity attributable to shareholders		<u>(14,271)</u>	<u>15,355</u>
Total liabilities and (deficit) equity attributable to shareholders		<u>30,904</u>	<u>57,693</u>

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

Approved by the Board of Directors

"Gunther Roehlig" Director

"Rob McMorran" Director

DYNAMIC OIL & GAS EXPLORATION INC.
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

For the Three Months Ended March 31, 2015 and 2014
(Unaudited - expressed in Canadian Dollars)

	Notes	2015 \$	2014 \$
General and administrative expenses			
Accounting and audit	6	2,780	8,600
Amortization	3	208	-
Consulting fees	6	15,000	18,090
Legal		-	21,065
Office and miscellaneous		11,179	34,762
Share-based payments	5(b)	-	172,182
Loss before other items		(29,167)	(254,699)
Foreign exchange loss		(459)	(177)
Comprehensive loss for the period		(29,626)	(254,876)
Basic and diluted loss per share		(0.00)	(0.00)
Weighted average number of shares outstanding		64,558,143	64,558,143

DYNAMIC OIL & GAS EXPLORATION INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

For the Three Months Ended March 31, 2015 and 2014
(Unaudited - expressed in Canadian Dollars)

	Number of shares	Amount \$	Contributed Surplus \$	Deficit \$	Total \$
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	-	-	-	(254,876)	(254,876)
Balance, March 31, 2014	64,558,143	14,410,726	1,202,048	(15,439,682)	173,092
Share-based payments	-	-	34,407	-	34,407
Comprehensive loss for the period	-	-	-	(192,144)	(192,144)
Balance, December 31, 2014	64,558,143	14,410,726	1,236,455	(15,631,826)	15,355
Comprehensive loss for the period	-	-	-	(29,626)	(29,626)
Balance, March 31, 2015	64,558,143	14,410,726	1,236,455	(15,661,452)	(14,271)

DYNAMIC OIL & GAS EXPLORATION INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2015 and 2014
(Unaudited - expressed in Canadian Dollars)

	2015	2014
	\$	\$
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Cash flow provided by (used in)		
Operating activities		
Loss for the period	(29,626)	(254,876)
Add (deduct) non-cash items:		
Amortization	208	-
Share-based payments	-	172,182
	<hr/>	<hr/>
	(29,418)	(82,694)
Changes in non-cash working capital items		
GST recoverable	1,405	1,436
Prepaid expenses	(1,250)	1,250
Accounts payable and accrued liabilities	2,837	5,306
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	(26,426)	(74,702)
Decrease in cash during the period	(26,426)	(74,702)
Cash – beginning of the period	46,585	313,318
Cash – end of the period	<hr/>	<hr/>
	20,159	238,616

DYNAMIC OIL & GAS EXPLORATION INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2015 and 2014
(Unaudited - expressed in Canadian Dollars)

1. ORGANIZATION AND NATURE OF OPERATIONS AND GOING CONCERN

Dynamic Oil & Gas Exploration Inc. (“Dynamic” or the “Company”) was incorporated under the Alberta Business Corporations Act on November 23, 2004. The Company’s main activities during the three months ended March 31, 2015 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 200, 550 Denman 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 March 31, 2015, the Company had accumulated losses of \$15,661,452 since its inception and expects to incur further losses in the development of its business. For the three months ended March 31, 2015 the Company experienced a loss of \$29,626 and used \$26,426 of cash 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 not have enough cash on hand to continue operations for the next twelve months. The continuation of the Company is dependent upon obtaining necessary financing 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, 2014, which have been prepared in accordance with IFRS as issued by IASB.

The Company uses the same accounting policies and methods of computation as in the annual financial statements for the year ended December 31, 2014. These condensed interim financial statements were approved by the board of directors for use on May 26, 2015.

DYNAMIC OIL & GAS EXPLORATION INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2015 and 2014
(Unaudited - expressed in Canadian Dollars)

3. EQUIPMENT

	Office Equipment \$	Computer Equipment \$	Total \$
Asset cost			
Balance at December 31, 2014 and March 31, 2015	3,146	1,152	4,298
Accumulated amortization			
Balance at December 31, 2014	442	128	570
Amortization	133	75	208
Balance at March 31, 2015	575	203	778
Carrying amounts			
At December 31, 2014	2,704	1,024	3,728
At March 31, 2015	2,571	949	3,520

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2015 \$	December 31, 2014 \$
Trade payables	35,936	35,433
Amounts due to related parties (Note 6)	4,239	1,905
	40,175	37,338

5. SHARE CAPITAL

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

b) Options:

The Company established a stock option plan in accordance with the policies of the TSX Venture Exchange under which it was authorized to grant share purchase options up to 10% of its outstanding shares. During the year ended December 31, 2014 the Company discontinued its stock option plan. Such discontinuance did not adversely affect the rights of any Optionee under the options granted pursuant to the stock option plan. 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 March 31, 2015 and December 31, 2014 and the changes during the periods then ended is presented below:

DYNAMIC OIL & GAS EXPLORATION INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2015 and 2014
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	Number of options	Weighted average exercise price \$
Balance outstanding – December 31, 2013	-	-
Granted	3,000,000	0.10
Forfeited	(500,000)	0.10
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Balance outstanding and exercisable – December 31, 2014 and March 31, 2015	2,500,000	0.10

During the three months ended March 31, 2015, the Company recognized share-based payments in the amount of \$nil (2014 - \$172,182). The fair value of the options granted during the three months ended March 31, 2014 of \$0.069 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 – 135.5%; expected dividends – nil.

Details of the options outstanding as at March 31, 2015 is as follows:

Expiry date	Exercise price \$	Options outstanding
February 21, 2019	0.10	2,500,000
		2,500,000

6. 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 months ended March 31, 2015 and 2014:

	2015 \$	2014 \$
Accounting fees	2,780	8,600
Consulting fees	7,500	7,500
	10,280	16,100

Included in accounts payable and accrued liabilities as at March 31, 2015 is \$4,830 (December 31, 2014 - \$1,905) 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 months ended March 31, 2015 and 2014 is identical to the table above other than share-based payments of \$nil (2014 - \$96,408).