

# **DYNAMIC OIL & GAS EXPLORATION INC.**

CONDENSED INTERIM FINANCIAL STATEMENTS  
(Unaudited - expressed in Canadian Dollars)  
For the Three Months Ended March 31, 2016 and 2015

**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,<br>2016<br>\$ | December 31,<br>2015<br>\$ |
|--|-------|-------------------------|----------------------------|
| <b>ASSETS</b>                            |       |                         |                            |
| Current assets                           |       |                         |                            |
| Cash                                     |       | 1,480                   | 2,353                      |
| GST recoverable                          |       | 3,293                   | 3,014                      |
|  |       | <u>4,773</u>            | <u>5,367</u>               |
| Equipment                                | 3     | 2,802                   | 2,966                      |
| <b>Total assets</b>                      |       | <u>7,575</u>            | <u>8,333</u>               |
| <b>LIABILITIES</b>                       |       |                         |                            |
| Current liabilities                      |       |                         |                            |
| Accounts payable and accrued liabilities | 4,6   | 94,732                  | 75,071                     |
| <b>Total liabilities</b>                 |       | <u>94,732</u>           | <u>75,071</u>              |
| <b>DEFICIT</b>                           |       |                         |                            |
| Share capital                            | 5     | 14,410,726              | 14,410,726                 |
| Contributed surplus                      |       | 1,236,455               | 1,236,455                  |
| Deficit                                  |       | (15,734,338)            | (15,713,919)               |
| <b>Total (deficit)</b>                   |       | <u>(87,157)</u>         | <u>(66,738)</u>            |
| <b>Total liabilities and (deficit)</b>   |       | <u>7,575</u>            | <u>8,333</u>               |

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

**Approved by the Board of Directors**

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%G Gunther Roehlig+ Director

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%R Rob McMorran+ Director

**DYNAMIC OIL & GAS EXPLORATION INC.**  
**CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
For the Three Months Ended March 31, 2016 and 2015  
(Unaudited - expressed in Canadian Dollars)

|   | Notes | 2016<br>\$ | 2015<br>\$ |
|---|-------|------------|------------|
| <hr/>   |       |            |            |
| General and administrative expenses           |       |            |            |
| Accounting and audit                          | 6     | 1,160      | 2,780      |
| Amortization                                  | 3     | 164        | 208        |
| Consulting fees                               | 6     | 15,000     | 15,000     |
| Legal   |       | 1,219      | -          |
| Office and miscellaneous                      |       | 3,244      | 11,179     |
| <hr/>   |       |            |            |
| Loss before other items                       |       | (20,787)   | (29,167)   |
| Foreign exchange gain (loss)                  |       | 368        | (459)      |
| <hr/>   |       |            |            |
| Comprehensive loss for the period             |       | (20,419)   | (29,626)   |
| <hr/>   |       |            |            |
| Basic and diluted loss per share              |       | (0.00)     | (0.00)     |
| <hr/>   |       |            |            |
| Weighted average number of shares outstanding |       | 64,558,143 | 64,558,143 |
| <hr/>   |       |            |            |

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

For the Three Months Ended March 31, 2016 and 2015

(Unaudited - expressed in Canadian Dollars)

|  | Number of<br>shares | Amount<br>\$ | Contributed<br>Surplus<br>\$ | Deficit<br>\$ | Total<br>\$ |
|--|---------------------|--------------|------------------------------|---------------|-------------|
| Balance, December 31, 2014                   | 64,558,143          | 14,410,726   | 1,236,455                    | (15,631,826)  | 15,355      |
| Net and comprehensive loss for<br>the period | -                   | -            | -                            | (29,626)      | (29,626)    |
| Balance, March 31, 2015                      | 64,558,143          | 14,410,726   | 1,236,455                    | (15,661,452)  | (14,271)    |
| Net and comprehensive loss for<br>the period | -                   | -            | -                            | (52,467)      | (52,467)    |
| Balance, December 31, 2015                   | 64,558,143          | 14,410,726   | 1,236,455                    | (15,713,919)  | (66,738)    |
| Net and comprehensive loss for<br>the period | -                   | -            | -                            | (20,419)      | (20,419)    |
| Balance March 31, 2016                       | 64,558,143          | 14,410,726   | 1,236,455                    | (15,734,338)  | (87,157)    |

**DYNAMIC OIL & GAS EXPLORATION INC.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
For the Three Months Ended March 31, 2016 and 2015  
(Unaudited - expressed in Canadian Dollars)

|   | 2016<br>\$ | 2015<br>\$ |
|---|------------|------------|
| Cash flow provided by (used in)           |            |            |
| Operating activities                      |            |            |
| Loss for the period                       | (20,419)   | (29,626)   |
| Add non-cash items:                       |            |            |
| Amortization                              | 164        | 208        |
|   | (20,255)   | (29,418)   |
| Changes in non-cash working capital items |            |            |
| GST recoverable                           | (279)      | 1,405      |
| Prepaid expenses                          | -          | (1,250)    |
| Accounts payable and accrued liabilities  | 19,661     | 2,837      |
|   | (873)      | (26,426)   |
| Decrease in cash during the period        | (873)      | (26,426)   |
| Cash . beginning of the period            | 2,353      | 46,585     |
| Cash . end of the period                  | 1,480      | 20,159     |

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

For the Three Months Ended March 31, 2016 and 2015  
(Unaudited - expressed in Canadian Dollars)

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**1. ORGANIZATION AND NATURE OF OPERATIONS AND GOING CONCERN**

Dynamic Oil & Gas Exploration Inc. (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, 2016 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, 2016, the Company had accumulated losses of \$15,734,338 since its inception and expects to incur further losses in the development of its business. For the three months ended March 31, 2016 the Company experienced a loss of \$20,419 and used \$873 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 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, 2015, 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, 2015. These condensed interim financial statements were approved by the board of directors for use on May 24, 2016.

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

For the Three Months Ended March 31, 2016 and 2015  
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**3. EQUIPMENT**

|   | Office<br>Equipment<br>\$ | Computer<br>Equipment<br>\$ | Total<br>\$ |
|---|---------------------------|-----------------------------|-------------|
| <b>Asset cost</b>                               |                           |                             |             |
| Balance at December 31, 2015 and March 31, 2016 | 3,146                     | 1,152                       | 4,298       |
| <b>Accumulated amortization</b>                 |                           |                             |             |
| Balance at December 31, 2015                    | 936                       | 396                         | 1,332       |
| Amortization                                    | 109                       | 55                          | 164         |
| Balance at March 31, 2016                       | 1,045                     | 451                         | 1,496       |
| <b>Carrying amounts</b>                         |                           |                             |             |
| At December 31, 2015                            | 2,210                     | 756                         | 2,966       |
| At March 31, 2016                               | 2,101                     | 701                         | 2,802       |

**4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|   | March 31,<br>2016<br>\$ | December 31,<br>2015<br>\$ |
|---|-------------------------|----------------------------|
| Trade payables                          | 68,741                  | 59,205                     |
| Amounts due to related parties (Note 6) | 25,991                  | 15,866                     |
|   | 94,732                  | 75,071                     |

**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.



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

For the Three Months Ended March 31, 2016 and 2015  
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A summary of the status of the Company's stock option plan as of March 31, 2016 and December 31, 2015 and the changes during the periods then ended is presented below:

|  | <b>Number of options</b> | <b>Weighted average exercise price \$</b> |
|--|--------------------------|---|
| Balance outstanding . December 31, 2015 and March 31, 2016 | 2,500,000                | 0.10                                      |

Details of the options outstanding as at March 31, 2016 is as follows:

| <b>Expiry date</b> | <b>Exercise price \$</b> | <b>Options outstanding</b> |
|--------------------|--------------------------|----------------------------|
| 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, 2016 and 2015:

|                 | <b>2016 \$</b> | <b>2015 \$</b> |
|-----------------|----------------|----------------|
| Accounting fees | 1,160          | 2,780          |
| Consulting fees | 7,500          | 7,500          |
|                 | 8,660          | 10,280         |

Included in accounts payable and accrued liabilities as at March 31, 2016 is \$25,991 (December 31, 2015 - \$15,866) 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, 2016 and 2015 is identical to the table above.