

DYNAMIC OIL & GAS EXPLORATION INC.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited - expressed in Canadian Dollars)
For the Three and Six Months Ended June 30, 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	June 30, 2016 \$	December 31, 2015 \$
ASSETS			
Current assets			
Cash		3,409	2,353
GST recoverable		2,630	3,014
Prepaid expenses		1,000	-
		<u>7,039</u>	<u>5,367</u>
Equipment	3	2,647	2,966
Total assets		<u>9,686</u>	<u>8,333</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	4,6	155,239	75,071
Total liabilities		<u>155,239</u>	<u>75,071</u>
DEFICIT			
Share capital	5	14,410,726	14,410,726
Contributed surplus		1,236,455	1,236,455
Deficit		(15,792,734)	(15,713,919)
Total (deficit)		<u>(145,553)</u>	<u>(66,738)</u>
Total liabilities and (deficit)		<u>9,686</u>	<u>8,333</u>

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

Approved by the Board of Directors

%G Gunther Roehlig+ Director

%R Rob McMorran+ Director

DYNAMIC OIL & GAS EXPLORATION INC.
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the Three and Six Months Ended June 30, 2016 and 2015
(Unaudited - expressed in Canadian Dollars)

	Notes	Three months ended		Six Months ended	
		2016	June 30, 2015	2016	June 30, 2015
		\$	\$	\$	\$
General and administrative expenses					
Accounting and audit	6	4,585	5,480	5,745	8,260
Amortization	3	155	196	319	404
Consulting fees	6	45,000	5,000	60,000	20,000
Legal		833	-	2,052	-
Office and miscellaneous		11,542	13,391	14,786	24,570
Loss before other items		(62,115)	(24,067)	(82,902)	(53,234)
Gain on forgiveness of debt	4	3,735	-	3,735	-
Foreign exchange (loss) gain		(16)	89	352	(370)
Comprehensive loss for the period		(58,396)	(23,978)	(78,815)	(53,604)
Basic and diluted loss per share		(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of shares outstanding		64,558,143	64,558,143	64,558,143	64,558,143

DYNAMIC OIL & GAS EXPLORATION INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the Six Months Ended June 30, 2016 and 2015
(Unaudited - expressed in Canadian Dollars)

	Number of shares	Amount \$	Contributed Surplus \$	Deficit \$	Total \$
Balance, December 31, 2014	64,558,143	14,410,726	1,236,455	(15,631,826)	15,355
Net and comprehensive loss for the period	-	-	-	(53,604)	(53,604)
Balance, June 30, 2015	64,558,143	14,410,726	1,236,455	(15,685,430)	(38,249)
Net and comprehensive loss for the period	-	-	-	(28,489)	(28,489)
Balance, December 31, 2015	64,558,143	14,410,726	1,236,455	(15,713,919)	(66,738)
Net and comprehensive loss for the period	-	-	-	(78,815)	(78,815)
Balance June 30, 2016	64,558,143	14,410,726	1,236,455	(15,792,734)	(145,553)

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

For the Six Months Ended June 30, 2016 and 2015

(Unaudited - expressed in Canadian Dollars)

	2016	2015
	\$	\$
<hr/>		
Cash flow provided by (used in)		
Operating activities		
Loss for the period	(78,815)	(53,604)
Add non-cash items:		
Amortization	319	404
Gain on forgiveness of debt	(3,735)	-
	<hr/>	<hr/>
	(82,231)	(53,200)
Changes in non-cash working capital items		
GST recoverable	384	2,422
Prepaid expenses	(1,000)	-
Accounts payable and accrued liabilities	83,903	15,757
	<hr/>	<hr/>
	1,056	(35,021)
Increase (decrease) in cash during the period	1,056	(35,021)
Cash . beginning of the period	2,353	46,585
	<hr/>	<hr/>
Cash . end of the period	3,409	11,564
	<hr/>	<hr/>

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

For the Three and Six Months Ended June 30, 2016 and 2015
(Unaudited - expressed in Canadian Dollars)

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 six months ended June 30, 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 June 30, 2016, the Company had accumulated losses of \$15,792,734 since its inception and expects to incur further losses in the development of its business. For the six months ended June 30, 2016 the Company experienced a loss of \$78,815 and used \$82,231 of cash in operations before non-cash working capital items. 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 August 26, 2016.

DYNAMIC OIL & GAS EXPLORATION INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the Three and Six Months Ended June 30, 2016 and 2015
(Unaudited - expressed in Canadian Dollars)

3. EQUIPMENT

	Office Equipment \$	Computer Equipment \$	Total \$
Asset cost			
Balance at December 31, 2015 and June 30, 2016	3,146	1,152	4,298
Accumulated amortization			
Balance at December 31, 2015	936	396	1,332
Amortization	212	107	319
Balance at June 30, 2016	1,148	503	1,651
Carrying amounts			
At December 31, 2015	2,210	756	2,966
At June 30, 2016	1,998	649	2,647

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2016 \$	December 31, 2015 \$
Trade payables	97,399	59,205
Amounts due to related parties (Note 6)	57,840	15,866
	155,239	75,071

During the six months ended June 30, 2016, the Company recorded a gain on forgiveness of debt of \$3,735 relating to the settlement of trade payables.

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 and Six Months Ended June 30, 2016 and 2015
(Unaudited - expressed in Canadian Dollars)

A summary of the status of the Company's stock option plan as of June 30, 2016 and December 31, 2015 and the changes during the periods then ended is presented below:

	Number of options	Weighted average exercise price \$
Balance outstanding . December 31, 2015 and June 30, 2016	2,500,000	0.10

Details of the options outstanding as at June 30, 2016 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 and six months ended June 30, 2016 and 2015:

	Three months ended		Six months ended	
	2016	June 30, 2015	2016	June 30, 2015
	\$	\$	\$	\$
Accounting fees	4,560	4,780	5,720	7,560
Consulting fees	22,500	2,500	30,000	10,000
	27,060	7,280	35,720	17,560

Included in accounts payable and accrued liabilities as at June 30, 2016 is \$57,840 (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 and six months ended June 30, 2016 and 2015 is identical to the table above.