DUALEX ENERGY INTERNATIONAL INC.

Interim Financial Statements

For the three and nine months ended September 30, 2016

Notice of No Auditor Review of Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited condensed consolidated interim financial statements as at and for the three and nine months ended September 30, 2016.

DUALEX ENERGY INTERNATIONAL INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED, expressed in Canadian dollars)

ASSETS	As at September 30, 2016	As at December 31, 2015
CURRENT		
Cash	$ 41,810	$ 166,218
Accounts receivable, net (note 3)	84,292	91,064
Prepaid expenses and deposits	14,008	50,538
	140,110	307,820
PROPERTY, PLANT AND EQUIPMENT (note 4)	1,303	4,494
TOTAL ASSETS	$ 141,413	$ 312,314
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT		
Accounts payable and accrued liabilities	$ 394,209	$ 348,970
DECOMMISSIONING LIABILITIES	48,203	45,889
TOTAL LIABILITIES	442,412	394,859
SHAREHOLDERS' DEFICIT		
SHARE CAPITAL (note 5)	25,737,888	25,737,888
CONTRIBUTED SURPLUS	4,914,116	4,884,019
ACCUMULATED OTHER COMPREHENSIVE INCOME	353,881	342,087
DEFICIT	(31,306,884)	(31,046,539)
TOTAL SHAREHOLDERS' DEFICIT	(300,999)	(82,545)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	$ 141,413	$ 312,314

See accompanying notes

DUALEX ENERGY INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
(UNAUDITED, expressed in Canadian dollars, except number of shares outstanding)

	Number of shares	Share Capital	Warrants and Agent Options	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
Balance December 31, 2014	114,038,939	25,737,888	715,325	4,084,844	318,117	(30,365,220)	490,954
Expiration of warrants and agent options		-	(715,325)	715,325	-	-	-
Stock-based compensation		-	-	67,368	-	-	67,368
Comprehensive income (loss) for the period		-	-	-	22,594	(551,926)	(529,332)
Balance September 30, 2015	114,038,939	25,737,888	-	4,867,537	340,711	(30,917,146)	28,990
Stock-based compensation		-	-	16,482	-	-	16,482
Comprehensive income (loss) for the period		-	-	-	1,376	(129,393)	(128,017)
Balance December 31, 2015	114,038,939	25,737,888	-	4,884,019	342,087	(31,046,539)	(82,545)
Stock-based compensation		-	-	30,097	-	-	30,097
Comprehensive income (loss) for the period		-	-	-	11,794	(260,345)	(248,551)
Balance September 30, 2016	114,038,939	25,737,888	-	4,914,116	353,881	(31,306,884)	(300,999)

See accompanying notes

DUALEX ENERGY INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF LOSS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30
(UNAUDITED, expressed in Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
REVENUE				
Petroleum and natural gas sales	$ 4,674	$ 10,853	$ 13,239	$ 29,444
Royalties	(260)	(1,047)	(978)	(2,706)
Interest and other	24	38	87	256
	4,438	9,844	12,348	26,994
EXPENSES				
Operating costs	5,524	7,376	15,023	32,510
General and administrative	78,198	93,613	221,832	338,362
Stock-based compensation	8,599	19,348	30,097	67,368
Depletion and depreciation	1,519	2,133	5,168	5,618
Gain on sale	-	-	(35,000)	-
Accretion of decommissioning liabilities	100	140	337	413
Foreign exchange loss (gain)	(127)	(3,492)	1,447	(1,554)
	93,813	119,118	238,904	442,717
LOSS FROM CONTINUING OPERATIONS	(89,375)	(109,274)	(226,556)	(415,723)
LOSS FROM DISCONTINUED OPERATIONS (note 7a)	(7,844)	(13,071)	(33,789)	(136,203)
LOSS	$ (97,219)	$ (122,345)	$ (260,345)	$ (551,926)
LOSS PER SHARE				
Basic and diluted				
Loss per share from continuing operations	$ -	$ -	$ -	$ -
Loss per share from discontinued operations	-	-	-	-
Loss per share	$ -	$ -	$ -	$ -

See accompanying notes

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30
(UNAUDITED, expressed in Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
LOSS	$ (97,219)	$ (122,345)	$ (260,345)	$ (551,926)
Other comprehensive income to be reclassified to income in subsequent periods				
Foreign currency translation adjustment	(2,258)	1,978	11,794	4,643
Transfer of accumulated foreign currency loss to loss from discontinued operations (note 7a)	-	-	-	17,951
COMPREHENSIVE LOSS	$ (99,477)	$ (120,367)	$ (248,551)	$ (529,332)

See accompanying notes

DUALEX ENERGY INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30
(UNAUDITED, expressed in Canadian dollars)

	2016	2015
OPERATING ACTIVITIES		
Loss from continuing operations	$ (226,556)	$ (415,723)
Add (subtract) items not requiring cash		
Depletion and depreciation	5,168	5,618
Gain on sale	(35,000)	-
Accretion of decommissioning liabilities	337	413
Stock-based compensation	30,097	67,368
Unrealized foreign exchange loss	12,864	25,509
Settlement of decommissioning liabilities	-	(16,970)
Change in non-cash working capital items	100,163	(114,989)
Cashflow used in continuing operations	(112,927)	(448,774)
Cashflow used in discontinued operations (note 7c)	(33,789)	(308,931)
Cashflow used in operations	(146,716)	(757,705)
INVESTING ACTIVITIES		
Proceeds from disposition	35,000	-
Proceeds from sale	-	48,689
Change in non-cash working capital items	(12,745)	(32,859)
Cashflow from continuing investing activities	22,255	15,830
Cashflow from discontinued investing activities (note 7c)	-	16,873
Cashflow from investing activities	22,255	32,703
Foreign exchange gain on cash held in a foreign currency	53	1,088
DECREASE IN CASH	(124,408)	(723,914)
CASH, BEGINNING OF PERIOD	166,218	928,640
CASH, END OF PERIOD	$ 41,810	$ 204,726

See accompanying notes

(Unaudited, All amounts in Canadian dollars unless otherwise stated)

1. GENERAL INFORMATION

DualEx Energy International Inc. ("DualEx", the "Company" or the "Group") is engaged in the exploration for and development and production of petroleum and natural gas properties. The Company holds working interests in North America. DualEx's shares are widely held and publicly traded on the TSX Venture Exchange under the symbol "DXE". The Company was incorporated under the Alberta Business Corporations Act on March 20, 2006 and is domiciled in Calgary, Canada. The Company's head office is located at Suite 950, 800 – 6th Avenue S.W., Calgary, Alberta T2P 3G3. The registered office of the Company is located at 1000, 250 - 2nd Street S.W., Calgary, Alberta T2P 0C1.

2. BASIS OF PREPARATION

a) Statement of compliance

These Unaudited Condensed Consolidated Interim Financial Statements for the three and nine months ended September 30, 2016 (the "Financial Statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* following accounting policies in accordance with International Financial Reporting Standards ("IFRS"). The Financial Statements do not include all of the information required for annual financial statements and should be read in conjunction with the Audited Consolidated Financial Statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS.

b) Significant accounting policies

The accounting policies adopted in the Financial Statements are consistent with those described in Note 3 of the Audited Consolidated Financial Statements for the year ended December 31, 2015.

3. ACCOUNTS RECEIVABLE

	As at	
	September 30, 2016	December 31, 2015
Accounts receivable	$ 180,475	$ 187,247
Allowance for doubtful receivables	(96,183)	(96,183)
Accounts receivables, net	$ 84,292	$ 91,064

As at September 30, 2016, the Company has recognized an allowance for doubtful receivables of $96,183 ($96,183 – December 31, 2015) against all receivables based on an account by account assessment considering prior credit history and knowledge of the debtor.

The Company has an outstanding receivable from Africa Hydrocarbons Inc. for operations conducted jointly in Tunisia, and the Company has initiated arbitration proceedings to recover the outstanding amount of $US136,000 of which $US66,000 has been included as an allowance for doubtful receivables.

(Unaudited, All amounts in Canadian dollars unless otherwise stated)

4. PROPERTY, PLANT AND EQUIPMENT

	North America
Cost	
Balance December 31, 2015	$ 37,036
Change in estimate of decommissioning liabilities	1,977
Balance September 30, 2016	$ 39,013
Accumulated depletion, depreciation and impairment	
Balance December 31, 2015	$ (32,542)
Depletion and depreciation	(5,168)
Balance September 30, 2016	$ (37,710)
Net Book Value	
Balance December 31, 2015	$ 4,494
Balance September 30, 2016	$ 1,303

5. SHARE CAPITAL

(a) Authorized

The Company is authorized to issue an unlimited number of common shares with no par value and an unlimited number of first preferred shares with no par value. The first preferred shares may be issued in series, with the directors determining the terms of the preferred shares on a series by series basis.

(b) Issued and outstanding

	Number of Shares	Amount
Common Shares		
Balance at December 31, 2015 and September 30, 2016	114,038,939	$ 25,737,888

(c) Stock based compensation

There have been no changes to and no activity in the Company's stock option plan since December 31, 2015.

6. CONTINGENCIES

The Company is involved in litigation matters arising out of the ordinary course and conduct of its business. The likelihood of contingent liabilities resulting from these matters is not determinable and related potential losses cannot be reasonably estimated. No accrual of loss has been made to the consolidated financial statements.

(Unaudited, All amounts in Canadian dollars unless otherwise stated)

7. DISCONTINUED OPERATIONS

In June 2016 the Company relinquished its interest in the Bouhajla block in Tunisia and discontinued its operations in Tunisia.

In June 2015 the Company sold its 70% shareholder interest in Hungary and discontinued its operations in Hungary.

Operating results related to discontinued operations have been included in net income from discontinued operations on the condensed consolidated interim statements of loss. Comparative period balances have been restated.

a) Loss from discontinued operations reported on the condensed consolidated interim statements of loss is comprised of the following:

	Tunisia		Hungary		Total Discontinued Operations	
	Three months ended September 30		Three months ended September 30		Three months ended September 30	
	2016	2015	2016	2015	2016	2015
EXPENSES						
Operating costs	-	-	-	-	-	-
General and administrative	7,844	12,862	-	-	7,844	12,862
Depletion and depreciation	-	-	-	-	-	-
Accretion of decommissioning liabilities	-	-	-	-	-	-
Foreign exchange loss	-	209	-	-	-	209
	7,844	13,071	-	-	7,844	13,071
Loss from discontinued operations before taxes	(7,844)	(13,071)	-	-	(7,844)	(13,071)
Taxes	-	-	-	-	-	-
Loss from discontinued operations	$ (7,844)	$ (13,071)	$ -	$ -	$ (7,844)	$ (13,071)

	Tunisia		Hungary		Total Discontinued Operations	
	Nine months ended September 30		Nine months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015	2016	2015
REVENUE						
Petroleum and natural gas sales	$ -	$ -	$ -	$ 95,969	$ -	$ 95,969
Royalties	-	-	-	(7,683)	-	(7,683)
Interest and other	-	-	-	33	-	33
	-	-	-	88,319	-	88,319
EXPENSES						
Operating costs	-	-	-	10,736	-	10,736
General and administrative	33,344	91,850	-	49,215	33,344	141,065
Depletion and depreciation	-	-	-	3,755	-	3,755
Bad debt expense	-	44,091	-	-	-	44,091
Accretion of decommissioning liabilities	-	-	-	209	-	209
Foreign exchange loss (gain)	445	2,532	-	(4,109)	445	(1,577)
	33,789	138,473	-	59,806	33,789	198,279
Net income (loss) from discontinued operations before taxes	(33,789)	(138,473)	-	28,513	(33,789)	(109,960)
Taxes	-	-	-	(454)	-	(454)
Net income (loss) from discontinued operations before other	(33,789)	(138,473)	-	28,059	(33,789)	(110,414)
OTHER						
Loss on disposition (note 7b)	-	-	-	(7,838)	-	(7,838)
Cumulative foreign exchange loss	-	-	-	(17,951)	-	(17,951)
Net income (loss) from discontinued operations	$ (33,789)	$ (138,473)	$ -	$ 2,270	$ (33,789)	$ (136,203)

(Unaudited, All amounts in Canadian dollars unless otherwise stated)

7. DISCONTINUED OPERATIONS (continued)

b) Loss on disposition

	Hungary
Value of assets less liabilities at time of sale:	
Cash	$ 194,629
Accounts receivable	6,521
Property, plant and equipment, net	17,904
Accounts payable and accrued liabilities	(60,580)
Decommissioning liabilities	(101,947)
Net value of assets less liabilities disposed	56,527
Proceeds received	48,689
Loss on disposition	$ 7,838

c) Cash flow from discontinued operations

	Tunisia		Hungary		Total discontinued operations	
	For the nine months ended September 30		For the nine months ended September 30		For the nine months ended September 30	
	2016	2015	2016	2015	2016	2015
DISCONTINUED OPERATIONS						
Net Income (loss) from discontinued operations	$ (33,789)	$ (138,473)	$ -	$ 28,059	$ (33,789)	$ (110,414)
Add items not requiring cash						
Depletion and depreciation	-	-	-	3,755	-	3,755
Bad debt expense		44,091		-	-	44,091
Accretion of decommissioning liabilities	-	-	-	209	-	209
Unrealized foreign exchange gain	-	-	-	(4,313)	-	(4,313)
Change in non-cash working capital items	-	-	-	(242,259)	-	(242,259)
Cashflow used in discontinued operations	(33,789)	(94,382)	-	(214,549)	(33,789)	(308,931)
DISCONTINUED INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment	$ -	$ -	$ -	$ 16,873	$ -	$ 16,873
Cashflow from discontinued investing activities	$ -	$ -	$ -	$ 16,873	$ -	$ 16,873

8. FINANCIAL INSTRUMENTS

The Company's financial instruments recognized in the consolidated balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. Cash is classified as held for trading. Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities. The Company's financial instruments that are held for trading have been classified as Level 1 in the fair value hierarchy. Level 1 is determined by reference to quoted prices in active markets for identical assets and liabilities.

Carrying value and fair value of financial assets and liabilities are summarized as follows:

	September 30, 2016	
	Carrying Value	Fair Value
Financial assets held-for-trading	$ 41,810	$ 41,810
Loans and receivables	$ 84,292	$ 84,292
Other liabilities	$ 394,209	$ 394,209

9. SUBSEQUENT EVENTS

On October 20, 2016 with an October 1, 2016 effective date, the Company acquired producing oil and gas assets in the Peace River Arch area of northwest Alberta (the “Asset Acquisition”) from a private company (the “Vendor”). The consideration paid to the Vendor consisted of $285,000 cash (subject to final adjustments) and the issuance of 2,000,000 convertible non-interest bearing, non-voting series I preferred shares (the “Preferred Shares”). The Vendor may, at any time and at its option, convert all or part of the Preferred Shares into units (“Asset Acquisition Units”) of DualEx. Each such Asset Acquisition Unit will be comprised of one (1) common share in the capital of DualEx (each a “Common Share”) and one-half (1/2) of a Common Share purchase warrant (each whole such warrant, an “Asset Acquisition Warrant”). The number of Asset Acquisition Units issuable upon the conversion of the Preferred Shares is equal to the number of Preferred Shares to be converted multiplied by $1.00 and divided by the volume weighted average of the trading price of the Common Shares on the TSX Venture Exchange (the “TSXV”) during the immediately prior twenty (20) consecutive day period prior to conversion, subject to TSXV minimum pricing rules (the “Market Price”). Each whole Asset Acquisition Warrant will entitle the holder to purchase one (1) Common Share during the period expiring on the five year anniversary of closing date of the Asset Acquisition upon payment of the Asset Acquisition Warrant exercise price which shall equal the Market Price. No conversions of Preferred Shares may occur within 30 days of a prior conversion, and no conversion of Preferred Shares may occur when, after such conversion into Asset Acquisition Units, the Vendor would own (including shares owned prior to the conversion) 10% or more of the outstanding Common Shares after conversion. In addition, the terms of the Preferred Shares allow DualEx to redeem, at any time from the date of issuance, the whole of the then outstanding Preferred Shares on payment for each Preferred Share to be redeemed of (a) $1.00 plus (b) that number of Asset Acquisition Warrants equal to the quotient of the number of Preferred Shares to be redeemed multiplied by $1.00 divided by the Market Price divided by two. The exercise price for such Asset Acquisition Warrants issued on the redemption of the Preferred Shares shall be the Market Price and such Asset Acquisition Warrants expire on October 20, 2021.

The oil and gas assets to be acquired pursuant to the Asset Acquisition consist of approximately 300 BOE/day (20% light oil and liquids), from northwest Alberta, and include associated gathering systems and a 50% owned and operated natural gas processing plant. The assets include approximately 37,000 net acres of land, 12,000 of which are undeveloped.

Concurrent with the above described Asset Acquisition, DualEx purchased two private oil and gas companies, with an effective date of October 1, 2016, for the collective consideration of $550,000 paid by the issuance of 55,000,000 units of the Company (each a “Private Company Acquisition Unit”) at a deemed value of $0.01 per Private Company Acquisition Unit (collectively, the “Private Company Acquisitions”). Each Private Company Acquisition Unit will consist of one (1) Common Share and one-half (1/2) of a Common Share purchase warrant (each such whole warrant, a “Private Company Acquisition Warrant”). Each whole Private Company Acquisition Warrant will be convertible into one (1) Common Share at the exercise price of $0.015 per Common Share and expire on October 20, 2018. Collectively, these two private companies have assets consisting of approximately 7 barrels per day of light oil production in central Alberta, $500,000 of cash, approximately $336,000 of restricted cash (Alberta Energy Regulator deposits) and approximately $336,000 of future abandonment liabilities. The private companies have no other material assets or liabilities.

In conjunction with the Asset Acquisition and the Private Company Acquisitions, DualEx closed a private placement by issuing 81,050,000 units (each a “Private Placement Unit”) at a price of $0.01 per Private Placement Unit for gross proceeds of $810,500, Each Private Placement Unit consists of one (1) Common Share and one-half of a (1/2) Common Share purchase warrant (each such whole warrant, a “Private Placement Warrant”). Each whole Private Placement Warrant is exercisable into one (1) Common Share at a price of $0.015 per Common Share and expire on October 20, 2018.

9. SUBSEQUENT EVENTS (continued)

The Company will seek approval of the holders of its Common Shares for a consolidation of its Common Shares on the basis of one post-consolidation Common Share for every 10 pre-consolidation Common Shares at its next annual general meeting.

After taking into account the above mentioned transactions the Company has 250,088,939 common shares, 68,025,000 warrants, 2,000,000 convertible preferred shares, and 2,550,000 stock options issued and outstanding on a pre-consolidation basis.

CORPORATE INFORMATION

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