Paradigm Oil and Gas, Inc.
(an Exploration Stage Company)
Consolidated Balance Sheets
March 31, 2014
(Unaudited)

Assets

Current Assets:		
Cash	$	13,873
Total Current Assets		13,873
Deposits		810
Property and equipment, net		14,984
Natural gas and oil properties		627,970
		643,764
Total Assets	**$**	**657,637**

Liabilities and Shareholders' Deficit

Current Liabilities:		
Accounts payable	$	247,571
Accrued wages		30,500
Accrued interest		46,319
Advances from shareholder		3,047
Notes payable		105,346
Short term convertible notes net of $156,426 in unamortized		-
note payable discount		79,057
Total Current Liabilities		511,840
Total Liabilities		511,840
Shareholders' Deficit		
Preferred stock Series A, $0.0001 par value, 1,000,000 shares authorized, 1,000,000 and 1,000,000 shares issued and outstanding as of March 31, 2014		100
Preferred stock Series B, $0.0001 par value, 4,000,000 shares authorized, 550,000 and -0- shares issued and outstanding as of March 31, 2014		55
Common stock, $0.0001 par value, 500,000,000 shares authorized, 124,842,704 shares issued and outstanding as of March 31, 2014		12,484
Additional paid-in capital		9,355,628 `
Accumulated deficit		(9,222,470)
Total Shareholders' Deficit		145,797
Total Liabilities and Shareholders' Deficit	**$**	**657,637**

Paradigm Oil and Gas, Inc.
(an Exploration Stage Company)
Statements of Operations
Unaudited

	For the Three Months Ended March 31, 2014
Revenue	$ -
Field operation expenses:	
Labor	2,100
Maintenance	34,127
Other field expenses	1,376
Total field operation expenses	37,603
General and administrative expenses:	
Advertising and promotion	679
General and administrative	20,283
Interest	96,787
Payroll and employee stock options	59,074
Professional and consulting fees	86,810
Rent	3,600
Total general expenses	267,233
Loss from operations	(304,836)
Other (income) expense:	
Loss on disposition of subsidiary	-
Net loss	**$ (304,836)**

Paradigm Oil and Gas, Inc.
(an Exploration Stage Company)
Consolidated Statement of Stockholders Equity
For the Three Months Ending March 31, 2014
(Unaudited)

	Preferred Stock Series A		Preferred Stock Series B		Common Stock		Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at January 1, 2014	1,000,000	$ 100	550,000	55	88,871,656	$ 8,887	$ 9,078,582	$ (8,917,634)	$ 169,990
Issuance of common stock during the period for cash, services, and note conversions					35,971,048	3,597	277,046		280,643
Net Loss for the three monthsending March 31, 2014								(304,836)	(304,836)
Balance, March 31, 2014	1,000,000	$ 100	550,000	$ 55	124,842,704	$ 12,484	$ 9,355,628	$ (9,222,470)	$ 145,797

Paradigm Oil and Gas, Inc.
(an Exploration Stage Company)
Statements of Cash Flows
Unaudited

		For the Three Months Ended March 31, 2014
Operating Activities:		
Net loss	$	(304,836)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of discount on convertible notes payable		81,426
Issuance of common stock for services		445
Change in operating assets and liabilities:		
Accounts payable		60,354
Accrued interest		18,924
Accrued wages		(25,000)
Net cash used in operating activities		(168,687)
Investing activities:		
Purchases of natural gas and oil properties		-
Net cash provided by (used in) investing activities		-
Financing activities:		
Proceeds from convertible notes		99,953
Common stock issuance		64,000
Net cash provided by financing activities		163,953
Net change in cash		(4,734)
Cash at beginning of the period		18,607
Cash at end of the period	**$** **$**	**13,873**

PARADIGM OIL & GAS, INC.
(An Exploration Stage Company)
Notes To Consolidated Financial Statements
For The Three Months Ending March 31, 2014
(Unaudited)

(1) BASIS OF PRESENTATION

Organization

Paradigm Enterprises, Inc. (the "Company") was incorporated in the state of Nevada on July 15, 2002 to engage in the acquisition, exploration and development of oil and gas properties. On February 7, 2005 the Company changed its name to **Paradigm Oil** and **Gas**, Inc. Effective January 28, 2010, **Paradigm Oil** & **Gas** Inc. entered into a share exchange agreement with the shareholders of Intergrated Oil and Gas Solutions Inc. (the "Acquired Company") a Texas corporation. The Transaction is considered to be a reverse acquisition. The acquisition date now becomes the inception date of the Company.

The Company is considered an exploration stage company, as it has not generated revenues from its operations.

Reverse merger of Intergrated Oil and Gas Solutions Inc.

On January 28, 2010, the Company entered into a Share exchange agreement with the shareholders of Intergrated Oil and Gas Solutions Inc. (the "Acquired Company") in exchange for their one hundred percent (100%) interest in all of the capital stock of the Acquired Company.

Paradigm issued 4,200,000 of its $.001 par value shares common shares representing 82% of the fully-diluted shares of the Company in exchange for 100% of the Acquired Company's outstanding shares. The Acquired Company is now a 100% subsidiary of the Company.

The Acquired Company holds 100% working interests in certain oil and gas leases along with certain oil and gas production equipment. The total purchase price to acquire these assets amounted to $541,539. These costs have been capitalized on the Acquired Company's books at cost as natural gas and oil properties, unproved properties.

Subsidiary formed: Paradigm Integrated Technology Solutions Inc.

On May 20, 2010 the Company formed Paradigm Integrated Technology Solutions Inc., as a wholly owned subsidiary to conduct business related to technologies that enhance secondary oil recovery.

Going Concern

These financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company's significant operating losses raise substantial doubt about its ability to continue as a going concern. Inherent in the Company's business are various risks and uncertainties, including its limited operating history, historical operating losses, dependence upon strategic alliances, and the historical success rate of oil and gas exploration. Management's plan is to acquire interests in certain oil and gas properties with production and to rework existing wells to bring them on line for production.

As shown in the accompanying financial statements, the Company has incurred a net loss of $9,222,470 for the period from January 28, 2010 (inception) through March 31, 2014.

The Company's future success is primarily dependent upon the existence of oil and gas in quantities which are commercially viable to produce, on properties for which the Company owns a working interest or an option to acquire an interest and/or through its successful deployment of the Company's Transportable Enhanced Oil Recovery Platform (T-EOR) and the Joint Venture Production Program . The Company's success will also be dependent upon its ability to raise sufficient capital to fund its rework and exploration programs and, to exploit the discovery on a timely and cost-effective basis.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recent Accounting Pronouncements

The company has evaluated all the recent accounting pronouncements and believes that none of them will have a material effect on the company’s financial statements.

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The oil and gas industry is subject, by its nature, to environmental hazards and clean-up costs. At this time, management knows of no substantial costs from environmental accidents or events for which the Company may be currently liable. In addition, the Company's oil and gas business makes it vulnerable to changes in prices of crude oil and natural gas. Such prices have been volatile in the past and can be expected to be volatile in the future.

Fair value of financial instruments

In accordance with the reporting requirements of Accounting Standards Codification ("ASC") Topic No. 825, Financial Instruments, (ASC 825) the Company calculates the fair value of its assets and liabilities which qualify as financial instruments under this standard and includes this additional information in the notes to the consolidated financial statements when the fair value is different than the carrying value of those financial instruments.

The estimated fair value of employee advances, note receivable, related party receivable, accounts payable and accrued liabilities and advances from shareholder approximate their carrying amounts due to the nature and short maturity of these instruments. The carrying values of the short-term convertible notes and note payable approximate their fair value since they bear market rates of interest and other terms.

Principles of Consolidation

The consolidated financial statements for the three months ending March 31, 2014 include the accounts of **Paradigm Oil** and **Gas**, Inc. and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

Cash

Cash consists of cash on deposit with high quality major financial institutions, and to date the Company has not experienced losses on any of its balances. The carrying amounts approximate fair market value due to the liquidity of these deposits. For purposes of the balance sheets and statements of cash flows, the Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. At March 31, 2014 the Company had $13,873 in cash.

Furniture and equipment

Property and equipment are stated at the Company's cost and are depreciated on a straight-line basis over five-seven years. Maintenance and repair costs are expensed when incurred while major improvements are capitalized. Depreciation expense amounted to $ -0- for the three months ending March 31, 2014.

Oil and Gas Properties

The Company uses the successful efforts method of accounting for oil and gas producing activities. Under this method, acquisition costs for proved and unproved properties are capitalized when incurred. Exploration costs, including geological and geophysical costs, the costs of carrying and retaining

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

unproved properties and exploratory dry hole drilling costs are expensed. Costs of drilling and equipping productive wells, including development dry holes and related production facilities are capitalized.

Capitalized costs of producing oil and gas properties, after considering estimated dismantlement and abandonment costs and estimated salvage values are depreciated and depleted by the unit-of-production method. Support equipment and other property and equipment are depreciated over their estimated useful lives. The Company provides for depreciation, depletion and amortization of its investment in producing oil and gas properties on the unit-of-production method, based upon independent reserve engineers' estimates of recoverable oil and gas reserves from the property.

Properties will continue to be carried as an asset pending determination of whether proved reserves have been found only as long as: i) the property has found a sufficient quantity of reserves to justify its completion as a producing property if the required capital expenditure is made and ii) there is enough geological and engineering evidence that supports a commercially producible quantity of reserves exist from a previously drilled well on the property. If the well properties cannot support any of these criteria, the property is assumed to be impaired, and its costs are charged to expense.

The impairment of unamortized capital costs is measured at a combined lease level and is reduced to fair value if it is determined that the sum of expected future net cash flows is less than the net book value. Paradigm determines if impairment has occurred through either adverse changes or as a result of the annual review of all the fields combined.

Income Taxes

The Company accounts for income taxes under the provisions of the ASC Topic No.
740 , Income Taxes (ASC 740) which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

Stock-based Compensation

The Company records stock-based compensation in accordance with ASC Topic No. 718, Compensation - Stock Compensation (ASC 718) using the fair value method. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. Equity instruments issued to employees and the cost of the services received as consideration are measured and recognized based on the fair value of the equity instruments issued.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint Ventures

All exploration and production activities are conducted jointly with others and, accordingly, the accounts reflect only the Company's proportionate interest in such activities.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets to be held and used, including unproved oil and gas properties accounted for under the successful efforts method of accounting, whenever events or circumstances indicate that the carrying value of those assets may not be recoverable. An impairment loss is indicated if the sum of the expected undiscounted future cash flows is less than the carrying amount of the assets. In such circumstances, the Company recognizes an impairment loss for the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset.

Revenue Recognition

The Company uses the sales method of accounting for natural gas and oil revenues. Under this method, revenues are recognized upon the passage of title, net of royalties. Revenues from natural gas production are recorded using the sales method. When sales volumes exceed the Company's entitled share, an overproduced imbalance occurs. To the extent the overproduced imbalance exceeds the Company's share of the remaining estimated proved natural gas reserves for a given property, the Company records a liability. At March 31, 2014, the Company had no overproduced imbalances.

3) SHORT TERM CONVERTIBLE NOTES

The Company has entered into a series of Short Term Interest Bearing Convertible Notes. The note plus interest can be converted in whole or in part to common shares at the holder's option at the later of the maturity date or the default date. The Conversion price is calculated as 55% of the market price which is determined by averaging the lowest 3 day closing price over the last 10 trading day period ending one trading day prior to the day the conversion notice was sent by facsimile.

4) SHORT TERM CONVERTIBLE NOTES (continued)

The Company is required at all times to have authorized and reserved five times the number of shares that is actually issuable upon full conversion of the notes (based on the Conversion Price of the Notes in effect from time to time).

(5) SHAREHOLDERS' EQUITY

The stockholders' equity section of the Company contains the following classes of Capital stock as of March 31, 2014, respectively:

- Preferred Stock Series A, $0.0001 par value, 1,000,000 shares authorized 1,000,000 shares issued and outstanding.
- Preferred Stock Series B, $0.0001 par value, 4,000,000 shares authorized 550,000 shares issued and outstanding.
- Common Stock, $0.0001 par value, 500,000,000 shares authorized 124,842,704 shares issued and outstanding.

(6) SUBSEQUENT EVENTS

Management has evaluated all activity since March 31, 2014, through the date the financial statements were issued and has concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.