Interim Condensed Consolidated Financial Statements of

DIXIE ENERGY TRUST

As at June 30, 2013 and for the three months and six months ended June 30, 2013

(Unaudited)

DIXIE ENERGY TRUST

Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars, unaudited)
As at June 30, 2013 and for the three months and six months ended June 30, 2013

DIXIE ENERGY TRUST

Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars, unaudited)
As at June 30, 2013

	June 30, 2013	December 31, 2012
Assets		
Current assets		
Cash and cash equivalents	$ 13,043,194	$ 5,029,659
Trade and other receivables	260,986	19,001
Prepaid expenses and deposits	1,072,649	713,505
Deferred trust unit issuance costs	-	13,510
	14,376,829	5,775,675
Exploration and evaluation assets (Note 5)	1,887,364	1,535,703
Property, plant and equipment (Note 6)	2,074,241	-
Total assets	$ 18,338,434	$ 7,311,378
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities	308,401	267,823
Decommissioning liabilities	-	9,982
	308,401	277,805
Decommissioning liabilities	18,986	16,554
Unit based compensation (Note 7)	883,831	358,602
	902,817	375,156
Unitholders' equity		
Unitholders' capital (Note 8)	20,388,759	7,762,378
Accumulated other comprehensive income	291,153	9,784
Deficit	(3,552,696)	(1,113,745)
	17,127,216	6,658,417
Total liabilities and equity	$ 18,338,434	$ 7,311,378

Subsequent events (Note 14)

Approved on behalf of the board of the Administrator, Dixie Energy Ltd.

"David G. Anderson" — Director - David G. Anderson

"Earl Fawcett" — Director - Earl Fawcett

The notes are an integral part of these interim condensed consolidated financial statements.

DIXIE ENERGY TRUST

Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars, unaudited)
For the three months and six months ended June 30, 2013

	Three months ended June 30, 2013	Six months ended June 30, 2013
Revenues		
Petroleum and natural gas sales, net of royalties (Note 11)	$ 483,639	$ 628,897
Expenses		
Operating expenses (recovery)	(5,106)	10,732
Evaluation and exploration expenses	794,512	794,512
Depletion, depreciation and accretion (Note 6)	140,752	193,892
General and administrative (Note 12)	556,796	1,042,834
Unit based compensation (Note 7)	436,849	515,587
	1,923,803	2,557,557
Net loss before other items	(1,440,164)	(1,928,660)
Other items		
Foreign exchange gain	31,820	61,107
Interest income	7,381	9,212
Loss on acquisition of VisionSky Corp. (Note 4)	-	(580,610)
	39,201	(510,291)
Net loss	(1,400,963)	(2,438,951)
Other comprehensive income for the period		
Foreign currency translation gain	275,677	281,369
Total comprehensive loss for the period	$ (1,125,286)	$ (2,157,582)
Net loss per unit, basic and diluted (Note 9)	$ (0.08)	$ (0.14)

The notes are an integral part of these interim condensed consolidated financial statements.

DIXIE ENERGY TRUST

Interim Consolidated Statements of Changes in Unitholders' Equity
(Expressed in Canadian dollars, unaudited)
For the three months and six months ended June 30, 2013

	Number of trust units	Trust capital	Accumulated other comprehensive income	Deficit	Unitholders' equity
Balance, December 31, 2012	28,074,999	$ 7,762,378	$ 9,784	$ (1,113,745)	$ 6,658,417
Issued in exchange for VisionSky shares (Note 4)	2,031,411	1,025,349			1,025,349
Trust unit issuance costs on VisionSky share exchange (Note 4)		(34,470)			(34,470)
Units issued for cash (Note 8)	15,166,980	12,133,584			12,133,584
Trust unit issuance costs (Note 8)		(538,082)			(538,082)
Warrants exercised (Note 7)	50,000	40,000			40,000
Net loss				(2,438,951)	(2,438,951)
Foreign currency translation gain			281,369		281,369
Balance, June 30, 2013	45,323,390	$20,388,759	$ 291,153	$ (3,552,696)	$ 17,127,216

The notes are an integral part of these interim condensed consolidated financial statements.

DIXIE ENERGY TRUST

Interim Consolidated Statement of Cash Flows
(Expressed in Canadian dollars, unaudited)
For the three months and six months ended June 30, 2013

	Three months ended June 30, 2013	Six months ended June 30, 2013
Operating activities		
Net loss	$ (1,400,963)	$ (2,438,951)
Depletion, depreciation and accretion	140,752	193,892
Foreign exchange	203,908	236,828
Loss on acquisition of VisionSky Corp.	-	580,610
Decommissioning liabilities	2,432	2,432
Unit based compensation	436,849	515,587
Changes in non-cash working capital		
Trade and other receivables	(146,314)	(240,552)
Prepaid expenses and deposits	(331,181)	(359,144)
Deferred trust unit issuance costs	-	13,510
Accounts payable and accrued liabilities	9,479	30,596
Net cash used in operating activities	(1,085,038)	(1,465,192)
Financing activities		
Issue of units, net of issuance costs	11,620,330	11,635,502
Net cash provided by financing activities	11,620,330	11,635,502
Investing activities		
Acquisition of exploration and evaluation assets	(739,792)	(1,841,856)
Acquisition of property, plant and equipment	61,479	(759,075)
Cash acquired as part of VisionSky transaction	-	444,156
Net cash used in investing activities	(678,313)	(2,156,775)
Net increase in cash and cash equivalents	9,856,979	8,013,535
Cash and cash equivalents, beginning of period	3,186,215	5,029,659
Cash and cash equivalents, end of period	$ 13,043,194	$ 13,043,194
Supplemental non-cash investing activities:		
Trust units issued on acquisition of VisionSky Corp.	-	1,015,706
	-	1,015,706

The notes are an integral part of these interim condensed consolidated financial statements.

1. Reporting entity

Dixie Energy Trust (the "Trust") is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta on June 29, 2012 and is governed by a trust indenture and the laws of the Province of Alberta. The head office, principal address and registered and records office of the Trust are located at Suite 400, 620 – 12th Avenue SW, Calgary, Alberta T2R 0H5.

The Trust operates as a foreign asset trust and its activities are restricted to owning property (other than real property or interests in real property), and it does not carry on business. Pursuant to the terms of an Administrative Services Agreement, the Administrator, a corporation incorporated under the *Business Corporations Act (Alberta)*, (ABCA) on June 28, 2012, is the administrator of the Trust and performs all general and administrative services that are or may be required or advisable, from time to time, for the Trust. The beneficiaries of the Trust are the unitholders of the issued and outstanding units of the Trust ("units" or "trust units").

The Trust, through its subsidiaries holds properties in the United States ("U.S.") and is not subject to the same taxation rules applicable to a Canadian Specified Investment Flow Through ("SIFT") trust. The objective of the Trust is to create stable, consistent returns for investors through the acquisition and development of oil and natural gas reserves and production with low-risk exploitation potential, located primarily in the southern U.S. Given its early stage of development, the Trust does not currently pay any distributions and has no plans to for the foreseeable future. The Trust and its wholly owned subsidiaries intend to develop its current portfolio of assets and to develop a well balanced portfolio of exploration and development projects over time.

The Trust is dependent upon equity issuances, debt financing, asset dispositions or entrance into joint arrangements with third parties to fund future activities. The Trust has three producing oil wells and continues to explore its oil and gas properties in the southern U.S. in order to determine whether some of the properties contain economically recoverable reserves. The ability of the Trust to continue ongoing operations is dependent upon the existence of economically recoverable reserves, the ability of the Trust to successfully explore for and develop these reserves and to realize future profitable production.

2. Basis of Presentation

a) Statement of compliance

These interim consolidated financial statements are prepared and reported in Canadian dollars in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). The CICA Handbook incorporates International Financial Reporting Standards ("IFRS") and publicly accountable enterprises, such as the Trust, are required to apply such standards. These consolidated financial statements have been prepared in accordance with IFRS applicable to the presentation of interim financial statements and International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as the accounting policies applied in these interim consolidated financial statements are based on IFRS as issued, outstanding, and effective on June 30, 2013.

Certain disclosures that are normally required to be included in the notes to the annual audited consolidated financial statements have been condensed or omitted. These interim financial statements should be read in conjunction with the Trust's audited consolidated financial statements and notes thereto for the period ended December 31, 2012.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on August 23, 2013.

b) Basis of measurement

The interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. Throughout these notes to the interim consolidated financial statements, the Trust and its subsidiaries may be referred to collectively as "Dixie" for purposes of convenience. These consolidated financial statements are presented in Canadian dollars, except otherwise noted.

c) Basis of consolidation

The Trust has the following significant wholly owned subsidiaries whose financial position and results have been consolidated in the Trust's interim consolidated financial statements:

Dixie Energy Holdings (Canada) Ltd.	Alberta	Alberta Corporation
Dixie Energy Holdings (US), Ltd.	United States	Delaware Corporation
Dixie Energy Holdings (Wiley Dome), LLC	United States	Delaware Corporation
Dixie Energy Holdings (Maple Branch), LLC	United States	Delaware Corporation
Dixie Energy Holdings (Strong Field), LLC	United States	Delaware Corporation
Dixie Energy Holdings (HWM), LLC	United States	Delaware Corporation
Dixie Energy Holdings (White Castle Dome), LLC	United States	Delaware Corporation
Dixie Energy Holdings (Brooklyn Field), LLC	United States	Delaware Corporation

The results of the above subsidiaries, together with the Administrator (as further described in Note 1) have been included in the consolidated statements. All of the entities have calendar year ends. The Administrator is not a legal subsidiary of the Trust.

3. Significant accounting policies

The same accounting policies and methods of computation are followed in these interim financial statements as compared with the most recent annual consolidated financial statements for the period ended December 31, 2012, with the exception of the following policy for depletion and depreciation and new and revised standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions.

Depletion and depreciation – The net carrying value of development or production assets is depleted using the unit of production method by reference to the ratio of production in the period to the related proved plus probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. Independent reserve engineers review these estimates at least annually.

IAS 1 – Presentation of Financial Statements. The Trust has adopted the amendments to IAS 1, which requires the Trust to group other comprehensive income items by those that will be reclassified into profit and loss and those that will not be reclassified into profit and loss into two categories. The IAS 1 was adopted and these changes did not result in any adjustments to other comprehensive income or comprehensive income.

IFRS 10 – Consolidated Financial Statements, requires an entity to consolidate an investee when it has power over its investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 replaces the guidance on control and consolidation in IAS 27, Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities. The adoption of this standard did not result in any change in the consolidation of its subsidiaries.

IFRS 11 – Joint Arrangements, supersedes IAS 31, Interest in Joint Ventures and requires an entity to assess its joint arrangements in order to determine their classification as a joint venture or a joint arrangement. The adoption of this standard did not result in any changes to the Trust's interim consolidated financial statements.

IFRS 12 – Disclosure of Interest in Other Entities, establishes disclosure requirements for subsidiaries, joint arrangements, associated and unconsolidated structured entities. The adoption of this standard did not result in any change to the interim consolidated financial statements.

IFRS 13 – Fair Value Measurement, establishes a comprehensive single framework for fair value measure and disclosure when fair value is required or permitted under IFRS. The new standard clarifies that fair value is the price that would be received to sell an asset or would be paid to transfer a liability, in an orderly transaction between market participants. The Trust adopted the standard on a prospective basis and the adoption of the standard did not result in any adjustment to the valuation techniques used by the Trust, to measure fair value, and did not result in measurement adjustments.

(Expressed in Canadian dollars, unaudited)

4. Acquisition of VisionSky Corp.

On February 28, 2013, the Trust completed its acquisition of VisionSky Corp. by way of a Plan of Arrangement. The acquisition resulted in the exchange of 16,251,280 VisionSky shares, 1,615,128 VisionSky options and 14,900,000 VisionSky warrants for 2,031,411 trust units, 201,890 trust unit options and 1,862,500 trust unit warrants respectively on the basis of 0.125 of a Trust security for each VisionSky security held.

The acquisition of VisionSky has been accounted for as an acquisition of assets and the purchase equation attributed to VisionSky at February 28, 2013 is as follows:

Total consideration given for acquisition:	
Trust units	$ 1,015,706
Fair value of trust unit options	9,571
Fair value of trust unit warrants	72
	1,025,349
Value attributed to assets acquired and liabilities assumed:	
Cash	444,156
Trade receivable	1,433
Accounts payable and accrued liabilities	(850)
	444,739
Loss on acquisition of VisionSky net assets	$ 580,610

The fair value of the Trust units was determined by reference to the most recent historical trust unit issuances. The excess of the fair value of consideration over the net assets acquired has been recorded as loss on acquisition of VisionSky.

The Trust incurred trust unit issuance costs of $34,470 related to the issuance of trust units in exchange for VisionSky shares.

5. Exploration and evaluation assets

	Six months ended June 30, 2013
Balance, beginning of period	$ 1,535,703
Additions	1,841,856
Transfers to petroleum and natural gas properties	(1,490,195)
Balance, end of period	$ 1,887,364

Exploration and evaluation assets relate to mineral lease rights for undeveloped oil and gas properties in the Maple Branch, Strong Field, Hamilton & West McKinnley, Brooklyn Field and White Castle Dome prospects and cumulative drilling costs to June 30, 2013 on the Forest Homes #1 well.

(Expressed in Canadian dollars, unaudited)

6. Property, plant and equipment

Six months ended June 30, 2013	Developed petroleum and natural gas assets	Production facilities and equipment	Capitalized decommission assets	Total
Cost				
Balance, beginning of period	$ -	$ -	$ -	$ -
Additions	787,239	2,598	2,512	792,349
Transfer from exploration and evaluation assets	1,258,423	214,313	17,459	1,490,195
Disposals / adjustments	(13,303)	-	(1,428)	(14,731)
Balance, end of period	2,032,359	216,911	18,543	2,267,813
Accumulated depletion				
Balance, beginning of period	-	-	-	-
Current period provision	(179,116)	(19,117)	4,661	(193,572)
Balance, end of period	(179,116)	(19,117)	4,661	(193,572)
Carrying value	$1,853,243	$ 197,794	$ 23,204	$ 2,074,241

7. Unit based compensation

A summary of the Trust's unit based compensation for the current period and balance as at June 30, 2013 is as follows:

	Three months ended June 30, 2013	Six months ended June 30, 2013	As at June 30, 2013
Trust unit options	$ 97,919	$ 123,741	$ 133,313
Restricted and performance incentive awards	128,367	169,638	169,638
Broker warrants and warrants	210,563	222,208	580,880
	$ 436,849	$ 515,587	$ 883,831

Balance, December 31, 2012	$ 358,602
Granted during the period	76,737
Exercised during the period	(2)
Expired during the period	(3,649)
Fair value adjustment	452,143
Balance, June 30, 2013	$ 883,831

(Expressed in Canadian dollars, unaudited)

Unit Option Plan

The Trust has a Unit Option Plan that entitles optionees to acquire trust units. The purpose of the Unit Option Plan is to attract and retain qualified service providers and motivate such persons to put forth maximum efforts for the success of the business of Dixie.

The options are granted at a price equal to the fair market value of the trust units at the time of grant. The options have a 5-year term and vest as to one-third on the first, second and third anniversary from the grant date. Options granted are not subject to any performance criteria apart from the recipient's continued service with or employment by the Trust. Options are forfeited if the optionee leaves before the vesting date. As at June 30, 2013, no options were vested.

The fair value associated with the options is expensed in the consolidated statement of loss and comprehensive loss over the vesting period with offsetting entry to unit based compensation liability. The related accumulated liability will be transferred to the Trust's capital account in unitholders equity when trust units are issued to settle this obligation. The fair value of the unit based compensation liability is recalculated at the end of each reporting period.

The number, weighted average exercise price and balance of unit based compensation liability for options granted under the Unit Option Plan as at June 30, 2013 are as follows:

	Number of units	Weighted average exercise price	Unit based compensation
Balance, December 31, 2012	-	$ -	$ -
Granted during the period			
Officers and directors (Feb 1, 2013)	750,000	0.50	31,815
VisionSky option holders (Feb 28, 2013)	201,890	0.80	3,579
Expired during the period	(201,890)	(0.80)	(3,579)
Fair value adjustment			101,498
Balance, June 30, 2013	750,000	$ 0.50	$ 133,313

The following table summarizes the number of options outstanding and exercisable as at June 30, 2103:

Outstanding				Exercisable	
Exercise price	Number outstanding	Weighted average remaining life in years	Weighted average exercise price	Number exercisable	Weighted average exercise price
$ 0.50	750,000	4.59	$ 0.50	-	$ -
	750,000	4.59	$ 0.50	-	$ -

(Expressed in Canadian dollars, unaudited)

The fair value at June 30, 2013 of the options granted was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	June 30, 2013
Dividend yield	0%
Expected volatility	150%
Risk-free interest rate	1.00 - 1.12%
Forfeiture rate	0%
Expected life (years)	2.6 - 4.6 years
Weighted average fair value of unit options	$ 0.43

Restricted and Performance Incentive Plan

The Trust has a Restricted and Performance Incentive Award Plan that entitles grantees under the plan to receive units or the cash equivalent thereof, at the option of the Trust. The purpose of the Restricted and Performance Incentive Award Plan is to attract and retain qualified service providers and motivate such persons to put forth maximum efforts for the success of the business of Dixie.

The incentive awards granted vest one-third per year on the first three anniversary dates from the date granted. Incentive awards may be subject to performance provisions at the discretion of the Trust at time of grant. Incentive awards are forfeited if the grantee leaves before the vesting date. As at June 30, 2013, no incentive awards were vested.

The fair value estimate associated with the incentive awards is expensed in profit or loss over the vesting period with the offsetting entry to unit based compensation liability. The related accumulated liability will be transferred to the Trust's capital account in unitholders equity when trust units are issued to settle this obligation. The fair value of the unit based compensation liability is recalculated at the end of each reporting period. At June 30, 2013, the fair value was estimated using a unit price of $0.80.

The following table summarizes the number of restricted and performance incentive awards outstanding and exercisable and the balance of unit based compensation liability for restricted and performance incentive awards granted under the Restricted and Performance Incentive Award Plan as at June 30, 2013:

	Number of units outstanding	Weighted average remaining life in years	Number of units exercisable	Unit based compensation
Balance, December 31, 2012	-		-	$ -
Granted during the period				
Officers and directors (Feb 1, 2013)	850,000	4.59	-	41,271
Fair value adjustment				128,367
Balance, June 30, 2013	850,000		-	$ 169,638

(Expressed in Canadian dollars, unaudited)

Unit Purchase Warrants

As part of the private placement completed on October 25, 2012 and November 14, 2012, the Trust issued 1,001,700 and 35,000 broker warrants respectively to the underwriter. The broker warrants vested immediately and are exercisable for a period of 2 years from the date of issue and it entitles the holder to acquire a unit, for $0.50 per unit.

As part of the acquisition of VisionSky Corp., the Trust issued 1,862,500 trust unit warrants in exchange for 14,900,000 common share purchase warrants to the former shareholders of VisionSky. The trust unit warrants vested immediately and were exercisable for a period 7 days after the close of the acquisition transaction. Each warrant entitled the holder to acquire a unit for $0.80 per unit. On March 7, 2013, 1,812,500 of the warrants expired unexercised.

The fair value estimate associated with the unit purchase warrants is expensed in profit or loss over the vesting period with the offsetting entry to unit based compensation liability. The related accumulated liability will be transferred to the Trust's capital account in unitholders equity when trust units are issued to settle this obligation. The fair value of the unit based compensation liability is recalculated at the end of each reporting period.

The number, weighted average exercise price and balance of unit based compensation liability for unit purchase warrants as at June 30, 2013 are as follows:

	Number of units	Weighted average exercise price	Unit based compensation
Balance, December 31, 2012	1,036,700	$ 0.50	$ 358,602
Granted during the period			
VisionSky warrant holders (Feb 28, 2013)	1,862,500	0.80	72
Exercised during the period	(50,000)	(0.80)	(2)
Expired during the period	(1,812,500)	(0.80)	(70)
Fair value adjustment			222,278
Balance, June 30, 2013	1,036,700	$ 0.50	$ 580,880

The following table summarizes the number of unit purchase warrants outstanding and exercisable as at June 30, 2103:

Outstanding				Exercisable	
Exercise price	Number outstanding	Weighted average remaining life in years	Weighted average exercise price	Number exercisable	Weighted average exercise price
$ 0.50	1,001,700	1.32	$ 0.50	1,001,700	$ 0.50
$ 0.50	35,000	1.37	$ 0.50	35,000	$ 0.50
	1,036,700	1.32	$ 0.50	1,036,700	$ 0.50

(Expressed in Canadian dollars, unaudited)

The fair value at June 30, 2013 of the warrants issued was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	June 30, 2013
Dividend yield	0%
Expected volatility	150%
Risk-free interest rate	0.96%
Forfeiture rate	0%
Expected life (years)	1.3 – 1.4 years
Weighted average fair value of unit options	$ 0.35

8. Unitholders' Capital

On June 28, 2013 the Trust completed the first closing of a brokered and non-brokered private placement financing, which included the issuance of 15,166,980 trust units at an issue price of $0.80 per trust unit for total gross proceeds of $12,133,584. The trust paid commissions of $391,115 on the brokered portion of the financing and incurred costs of $146,967 related to the issuance of the trust units for net proceeds of $11,595,502.

9. Loss per unit

	Three months ended June 30, 2013	Six months ended June 30, 2013
Net Loss	$ (1,400,963)	$ (2,438,951)
Weighted average number of units	18,573,750	17,728,425
Basic and diluted loss per unit	$ (0.08)	$ (0.14)

(Expressed in Canadian dollars, unaudited)

10. Financial Instruments and risk management

The Trust's financial instruments consist of cash and cash equivalents, trade and other receivables and trade payables and accruals. Fair values of financial assets and liabilities and discussion of risks associated with financial assets and liabilities are presented as follows:

	June 30, 2013		December 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Fair value through profit and loss				
Cash and cash equivalents	$ 13,043,194	$13,043,194	$ 5,029,659	$5,029,659
Loans and receivables				
Trade and other receivables	260,986	260,986	19,001	19,001
Financial liabilities				
Other financial liabilities				
Accounts payable and accrued liabilities	308,401	308,401	267,823	267,823

Fair values

Fair values have been determined for measure and/or disclosure based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying values of cash and cash equivalents, trade and other receivables and accounts payable and accrued liabilities approximate fair value due to the short-term nature of the instruments. Due to the use of subjective judgments and uncertainties in the determination of fair values, these values should not be interpreted as being realizable in immediate settlement of the financial instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that included inputs for the asset or liability that are not based on observable marker data (unobservable inputs).

(Expressed in Canadian dollars, unaudited)

Risk management

The Trust is exposed to financial risks arising from its financial assets and liabilities, such as:

- Credit risk;
- Market risk;
- Liquidity risk; and
- Foreign exchange risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for another party by failing to discharge an obligation. The maximum exposure to credit risk is as follows:

	June 30, 2013	December 31, 2012
Cash and cash equivalents	$13,043,194	$5,029,659
Trade and other receivables	260,986	19,001
Total	$13,304,180	$5,048,660

(i) Cash and cash equivalents
The Trust limits its exposure to credit risk related to cash and cash equivalents by depositing its excess cash with financial institutions that have investment grade credit ratings.

(ii) Trade and other receivables
Trade and other receivables is comprised entirely of amounts receivable from a company controlled by a director of the Administrator of the Trust. All trade receivables are subject to normal risk associated with the oil and gas industry.

Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet financial obligations as they become due. The Trust's financial position could be adversely affected if it failed to arrange financing for its capital expenditure programs. The Trust strives to maintain sufficient financial liquidity by forecasting cash flows for current and subsequent years to identify financing requirements on an ongoing basis.

The Trust's cash and cash equivalents at June 30, 2013 are expected to be sufficient to fund estimated cash expenditures approved and planned to date, including ongoing capital and general and administrative expenditures until at least, but not limited to, June 30, 2014. Long-term liquidity risk is higher due to the foreseeable need to raise further cash to fund future investing activities beyond December 31, 2013. The Trust's ability to continue as a going concern is dependent upon its ability to fund its present and future capital requirements.

The following are the contractual maturities of liabilities as at June 30, 2013:

	Carrying amount	Contractual cash flows	Less than one year	One - five years	More than five years
Liabilities					
Accounts payable and accrued liabilities	$ 308,401	$ 308,401	$ 308,401	$ -	$ -
Decommissioning liabilities	18,986	21,036	-	-	18,986
Total	$ 327,387	$ 329,437	$ 308,401	$ -	$ 18,986

Foreign exchange risk

Foreign exchange risk arises from the changes in foreign exchange rates that may affect the fair value or future cash flows of the Trust's financial assets or liabilities. For the Trust it is the C$:US$ exchange rate which presents the most risk as the Trust's operating cash flows are denominated in U.S. dollars. An increase in the value of the Canadian dollar as compared to the U.S. dollar will reduce the net cash flow from the oil and gas operations. The Trust's distributions to its unitholders, if any, and most of the Trust's general and administrative expenses are denominated in Canadian dollars and therefore not impacted by changes in foreign exchange.

As at June 30, 2013, the Trust did not hold any foreign exchange contracts to mitigate the effects of fluctuating C$:US$ exchange rates.

The following financial instruments were denominated in US dollars:

	June 30, 2013		December 31, 2012	
	US$	C$	US$	C$
Cash and cash equivalents	$1,121,544	$ 1,179,639	$ 2,441,043	$ 2,428,594
Trade and other receivables	246,770	259,552	-	-
Prepaid expenses and deposits	1,000,917	1,052,765	-	-
Accounts payable and accrued liabilities	45,257	47,602	(13,252)	(13,184)

The weighted average exchange rate for the period was US$1.00 equal to C$1.0161 and the exchange rate at June 30, 2013 was US$1.00 equal to C$1.0518.

Sensitivity Analysis

All other variables remaining constant, a $0.01 change in the C$:US$ exchange rate would have changed the net loss by approximately $5,676 for the six month period ended June 30, 2013.

(Expressed in Canadian dollars, unaudited)

11. Petroleum and natural gas sales

	Three months ended June 30, 2013	Six months ended June 30, 2013
Oil Sales, net of transportation	$ 701,797	$ 897,807
Gas Sales	2,873	4,416
Royalties	(176,393)	(228,688)
Production Taxes	(44,638)	(44,638)
	$ 483,639	$ 628,897

12. General and administrative

	Three months ended June 30, 2013	Six months ended June 30, 2013
Salaries, benefits and management fees	$ 160,793	$ 302,825
Legal Fees	108,539	315,195
Accounting fees	171,608	187,973
Consulting fees	24,255	49,828
Administrative fees	23,903	56,003
Investor relations	17,569	46,131
Insurance and taxes	20,879	31,520
Office rental and costs	9,515	16,988
Travel, meals and entertainment	19,735	36,371
	$ 556,796	$ 1,042,834

13. Related parties

Administration and Management

During the period, Dixie incurred legal fees with law firms wherein directors of the Administrator and a subsidiary of the Trust are partners in their respective law firms. During the period, Dixie incurred consulting fees with a company that has a director and officer in common with the Administrator of the Trust. During the period, Dixie incurred other general and administrative expenses (including office rental, office costs, administrative fees, travel and meals & entertainment costs) that were reimbursed to companies that have directors and officers in common or individuals that are directors and officers of the Administrator or a subsidiary of the Trust. During the period, Dixie incurred management compensation expenses paid to officers of the Administrator and a subsidiary of the Trust or companies controlled by those officers.

(Expressed in Canadian dollars, unaudited)

Oil and Gas Operations

During the period, Dixie received revenue, net of royalties and incurred operating expenses and capital expenditures relating to the oil and gas activities of a subsidiary of the Trust. The operator of these oil & gas activities is a company that has a director in common with the Administrator and officers in common with a subsidiary of the Trust.

The following is a summary of the Trust's related party transactions during the period:

	Three months ended June 30, 2013	Six months ended June 30, 2013	Included in payables June 30, 2013	Included in prepaid and receivables June 30, 2013
Legal fees	$ 178,979	$ 314,499	$ 149,793	$ -
Consulting fees	10,500	17,850	13,105	-
Other general and administrative	33,861	68,457	-	2,100
Management compensation	158,907	299,921	12,627	-
	$ 382,247	$ 700,727	$ 175,525	$ 2,100
Petroleum and natural gas sales	$ 483,639	$ 628,897	$ -	$ 259,748
Operating expenses (recovery)	(5,106)	10,732	-	-
Exploration and evaluation activities	1,534,304	2,636,368	459,137	-
Acquisition of property, plant and equipment	-	789,837	-	-
	$ 2,012,837	$ 4,065,834	$ 459,137	$ 259,748

These transactions were in the normal course of business and were measured at the exchange amount, which is the amount of consideration that was established and agreed to by the related parties.

14. Subsequent events

(a) On July 3, 2013 Dixie announced that it had acquired additional working interests in Mississippi and Alabama, including an additional 20% working interest in certain oil and gas leases in the Maple Branch prospect (Mississippi) an additional 15% working interest in certain oil and gas leases in the Strong Field prospect (Mississippi) and a 25% working interest in certain oil and gas leases in the Queens prospect (Alabama). No reserves or production have been assigned to the additional working interests. The purchase price for this acquisition was US$5,500,000 cash.

(b) On July 17, 2013 Dixie announced that it had completed a second closing of a previously announced brokered and non-brokered private placement financing, which included the issuance of 1,455,000 trust units at an issue price of $0.80 per trust unit for aggregate gross proceeds of $1,164,000. When combined with the trust units issued in connection with the first closing of the brokered and non-brokered private placement completed on June 28, 2013, Dixie issued an aggregate of 16,621,980 trust units for aggregate gross proceeds of $13,297,584.