Q3

For the period ended
September 30, 2013

LGX OIL+GAS INC.

MANAGEMENT'S DISCUSSION + ANALYSIS

The following management discussion and analysis ("MD&A"), as provided by the management of LGX Oil + Gas Inc. ("LGX" or the "Company") (formerly known as Bowood Energy Inc.) of the financial condition and performance of LGX for the three months and nine months ended September 30, 2013, as of November 11, 2013, is to be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes for the period ended September 30, 2013 and the audited consolidated financial statements for the year ended December 31, 2012 and notes thereto. The Company prepares its financial statements in accordance with International Financial Reporting Standards and interpretations (collectively referred to as "IFRS") as issued by the International Accounting Standards Board ("IASB"), specifically International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. All tabular amounts are stated in thousands of Canadian dollars unless indicated otherwise.

Common-Control Transaction with Legacy Oil + Gas Inc. and Reverse Acquisition of LGX

On July 5, 2012, the shareholders of LGX approved a strategic transaction with Legacy Oil + Gas Inc. ("Legacy") whereby Legacy sold certain undeveloped land in southern Alberta ("Legacy Oil + Gas Inc.'s Southern Alberta Assets" or "SA Assets") to LGX in exchange for 10,000,000 post-consolidation common shares of LGX (the "Asset Purchase"). Following completion of the Asset Purchase: (i) LGX had 23,746,669 post-consolidation common shares outstanding, 42 percent of which were owned by Legacy; (ii) the former officers of LGX resigned and were replaced by officers of Legacy; (iii) the board of directors of LGX was reconstituted; (iv) Legacy and LGX entered into a management, technical and administrative services agreement ("Services Agreement") whereby LGX will be managed by Legacy's current management team and staff, in exchange for a monthly fee; and (v) the LGX shareholders approved a proposed name change to LGX Oil + Gas Inc. from Bowood Energy Inc. and a consolidation of the LGX common shares on a 20 to 1 basis.

In accordance with IFRS and based on management's significant judgments, the Asset Purchase was accounted for as a reverse acquisition whereby SA Assets was identified as the accounting "acquirer" - being the entity that obtains control of the acquiree, LGX.

Management's significant judgments and consideration that SA Assets obtained control of LGX at reverse acquisition date of July 5, 2012, where SA Assets holds less than 50 percent of the equity interest of LGX, are disclosed in Note 2 of the audited consolidated financial statements for the year ended December 31, 2012.

With the adoption of new IFRS statements effective January 1, 2013, as described in Note 3 of the unaudited condensed interim consolidated statements for the three and nine months ended September 30, 2013, the Company re-assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of new IFRS statements did not result in any change in the consolidation status of any of its subsidiaries and investees.

As a result of the Asset Purchase and common-control transaction and reverse acquisition, the reader is cautioned that the MD&A and accompanying unaudited condensed interim consolidated financial statements present the historic financial position, results of operations and cash flows of SA Assets, for all prior periods up to and including July 5, 2012 and the results of operations from July 5, 2012 forward include both SA Assets and LGX (referred to collectively with its subsidiaries as "LGX" or the "Company"), unless otherwise indicated.

In addition, the reader is cautioned that annual disclosures in LGX's Annual Information Form ("AIF") for the year ended December 31, 2012 dated April 2, 2013 presents the annual information of Bowood Energy Inc. for the period beginning January 1, 2012 to July 5, 2012 (Bowood Energy Inc. prior to the reverse acquisition) and the information of LGX for the period July 5, 2012 to December 31, 2012 (LGX/SA Assets subsequent to the reverse acquisition). The LGX AIF is available on the Company's profile at www.sedar.com.

Non-IFRS Measures

The MD&A contains the term funds generated by operations, which should not be considered an alternative to, or more meaningful than cash flow from operating activities as determined in accordance with IFRS as an indicator of the Company's performance. Funds generated by operations is a measure not defined in IFRS that is commonly used in the oil and gas industry and is a benchmark LGX uses to evaluate its performance. Funds generated by operations represent cash provided by operating activities before changes in non-cash working capital and transaction costs. The Company considers it a key measure as it demonstrates the ability of the Company's continuing operations to generate the cash flow necessary to fund future growth through capital investment and to repay debt. LGX's determination of funds generated by operations may not be comparable to that reported by other companies. The Company also presents funds generated by operations per share and per share diluted whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of earnings per share and diluted earnings per share. Funds generated by operations as presented is not intended to represent cash flow from operating activities, net income (loss) or other measures of financial performance calculated in accordance with IFRS.

The following table reconciles the cash flow from operating activities to funds generated by (used in) operations for the Company:

	Three Months Ended September 30			**Nine Months Ended September 30**		
($)	**2013**	**2012**	**% change**	**2013**	**2012**	**% change**
Cash flow generated by (used) in operating activities	1,421,311	(4,321,034)	133	(797,364)	(4,092,697)	81
Transaction costs	12,334	1,025	1,103	48,034	1,025	4,586
Changes in non-cash working capital	(852,013)	3,974,662	(121)	4,055,845	3,953,227	3
Funds generated by (used in) operations	581,632	(345,347)	268	3,306,515	(138,445)	2,488

The MD&A contains the term netback and operating netback to analyze financial and operating performance. This benchmark as presented does not have any standardized meaning prescribed by IFRS and prior thereto, Canadian GAAP and therefore may not be comparable with the calculation of similar measures for other entities. Operating netback is used by research analysts to compare operating performance and the Company's ability to maintain current operations and meet the forecasted capital program. The Company's operating netback is the net result of the Company's revenue (consisting of petroleum and natural gas sales, net of royalties), operating expenses and transportation expenses, as found in the accompanying condensed interim consolidated financial statements, divided by production for the period.

The MD&A contains the term net debt and working capital surplus (deficit). The Company uses net debt and working capital surplus (deficit) to evaluate financial leverage. Net debt and working capital surplus (deficit) includes the Company's bank debt plus total current liabilities less total current assets. The following table reconciles the net debt and working capital surplus (deficit) as presented by the Company:

($ thousands)	**As at September 30 2013**	**As at December 31 2012**
Total current assets	4,318,923	5,014,007
Total current liabilities	(13,508,881)	(14,920,933)
Net debt and working capital surplus (deficit)	(9,189,958)	(9,906,926)

Financial Presentation - Certain prior period comparative figures have been reclassified to conform to the presentation adopted in the current period.

Boe Presentation – Boe means barrel of oil equivalent. All Boe conversions in the report are derived by converting gas to oil at the ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent. Boe may be misleading, particularly if used in isolation. A Boe conversion rate of 1 Boe: 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio of oil compared to natural gas based on currently prevailing prices is significantly different than the energy equivalency ratio of 1 Boe : 6 Mcf, utilizing a conversion ratio of 1 Boe : 6 Mcf may be misleading as an indication of value.

Forward-Looking Information – This MD&A and the accompanying President's Message contain forward-looking statements. More particularly, they contain forward-looking statements concerning LGX's planned exploration and development activities, the anticipated positive impact of optimization activities at Manyberries on production and reserves, expected declines in total and per Boe operating expenses going forward, the sufficiency of the capital resources available to LGX to fund operating, interest and general and administrative expenses, the anticipated timing of the satisfaction of accounts payable and the Company being on track to meet full year production guidance.

MANAGEMENT'S DISCUSSION + ANALYSIS

The forward-looking statements contained in this MD&A and accompanying President's Message are based on certain key expectations and assumptions made by LGX, including expectations and assumptions concerning the success of future drilling, development and completion activities, the performance of existing wells, the performance of new wells, the availability and performance of facilities and pipelines, the geological characteristics of LGX's properties, the successful application of drilling, completion and seismic technology, prevailing weather conditions, commodity prices, royalty regimes and exchange rates, the application of regulatory and licensing requirements and the availability of capital, labour and services.

Although LGX believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because LGX can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), constraint in the availability of services, commodity price and exchange rate fluctuations, adverse weather conditions and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. These and other risks are set out in more detail in this MD&A under the heading "Risk Assessment" and in LGX's Annual Information Form for the year ended December 31, 2012 dated April 2, 2013.

The forward-looking statements contained in this MD&A and accompanying President's Message are made as of the date hereof and LGX undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

RESULTS OF OPERATIONS

Production

	Three Months Ended September 30			Nine Months Ended September 30		
	2013	2012	% change	2013	2012	% change
Daily Production						
Crude oil and natural gas liquids (Bbls per day)	567	95	497	586	50	1,072
Natural gas (Mcf per day)	1,677	1,939	(14)	1,736	651	167
Total (Boe per day)	847	418	103	875	158	454

For the three months ended September 30, 2013, LGX's production was 847 Boe per day as compared to 418 Boe per day for the same period in the prior year. This increase is due to the acquisition of the Manyberries properties in southeast Alberta in the fourth quarter of 2012. Crude oil and natural gas liquids production for the three months ended September 30, 2013 was 567 Bbls per day while natural gas production was 1,677 Mcf per day.

Average production for the nine months ended September 30, 2013 was 875 Boe per day as compared to 158 Boe per day for 2012. Crude oil and natural gas liquids production was 586 Boe per day for the nine months ended September 30, 2013 compared to 50 Boe per day in 2012. Natural gas production was 1,736 Mcf per day for the nine months ended September 30, 2013 compared to 651 Boe per day for 2012. The increase in average production is due to the reverse acquisition of Bowood Energy Ltd. by Legacy Oil + Gas Inc.'s Southern Alberta Assets in the third quarter of 2012 as well as the acquisition of the Manyberries properties in southeast Alberta in the fourth quarter of 2012.

Realized Commodity Prices

	Three Months Ended September 30			Nine Months Ended September 30		
	2013	2012	% change	2013	2012	% change
Daily Average Benchmark Prices						
Crude oil – WTI (US$ per Bbl)	105.82	92.19	15	98.17	96.20	2
Crude oil – WTI ($ per Bbl)	109.89	91.72	20	100.47	96.39	4
Crude oil – Edmonton Par ($ per Bbl)	105.19	84.72	24	95.66	87.30	10
Natural gas – AECO-C Spot ($ per Mcf)	2.43	2.20	10	3.00	2.22	35
Exchange rate – (US/CAD)	0.963	1.005	(4)	0.977	0.998	(2)

	Three Months Ended September 30			Nine Months Ended September 30		
	2013	2012	% change	2013	2012	% change
LGX's average realized prices						
Crude oil and natural gas liquids ($ per Bbl)	102.23	75.46	35	87.17	80.61	8
Natural gas ($ per Mcf)	2.37	2.19	8	2.93	2.19	34
Barrels of oil equivalent ($ per Boe)	73.13	27.32	168	64.19	34.55	86

LGX's realized price for its crude oil and natural gas liquids sales in the third quarter of 2013 was $102.23 per Bbl (2012 – $75.46) compared to a C$ WTI price of $109.89 per Bbl (2012 - $91.72 per Bbl). LGX's oil production is light sweet crude produced in southern Alberta. For 2013 year-to-date, LGX's realized price for its crude oil and natural gas liquid sales was $87.17 (2012- $80.61 per Bbl) compared to a C$ WTI price of $100.47 per Bbl.

For the third quarter of 2013, the Company's realized price for its natural gas was $2.37 per Mcf (2012 – $2.19) compared to an AECO-C price of $2.43 per Mcf and for 2013 year-to-date LGX's realized price for natural gas sales was $2.93 per Mcf (2012 – $2.19) compared to an AECO-C price of $3.00.

Revenue

	Three Months Ended September 30			Nine Months Ended September 30		
($, except per Boe and percent amounts)	2013	2012	% change	2013	2012	% change
Petroleum and natural gas sales by product						
Crude oil and natural gas liquids	5,332,469	659,509	709	13,944,691	1,104,398	1,163
Natural gas	366,027	391,132	(6)	1,387,887	391,132	255
Total petroleum and natural gas sales	5,698,496	1,050,641	442	15,332,578	1,495,530	925
$ per Boe	73.13	27.32	168	64.19	34.55	86
Royalties						
Royalties	878,964	186,020	373	2,465,666	224,726	997
$ per Boe	11.28	4.84	133	10.32	5.19	99
% of petroleum and natural gas sales	15.4	17.7	(13)	16.1	15.0	7
Revenue						
Petroleum and natural gas sales, net of royalties	4,819,532	864,621	457	12,866,912	1,270,804	913
$ per Boe	61.85	22.48	175	53.87	29.36	84

For the three months ended September 30, 2013, LGX's petroleum and natural gas sales were $5,698,496 as compared to $1,050,641 for the three months ended September 30, 2012. For 2013 year-to-date, LGX's petroleum and natural gas sales were $15,332,578 as compared to $1,495,530 for 2012 year-to-date. The increase for the three months and nine months ended September 30, 2013 can be attributed to higher production volumes related to the Manyberries properties acquired in the fourth quarter of 2012.

Royalties consist of royalties paid to provincial governments, freehold landowners and overriding royalty owners. For the three months ended September 30, 2013, total royalties were $878,694 as compared to $186,020 for the three months ended September 30, 2012. The increase is attributable to the increase in revenues discussed above. The Company's average royalty rate for the three months ended September 30, 2013 was 15.4 percent as compared to 17.7 percent in 2012. This decrease is due to gas cost allowance assessments recognized in the third quarter of 2013 offset slightly by the Manyberries properties having higher average royalties than those historically shown on the other LGX properties. Royalties are calculated and paid based on commodity revenue, net of associated transportation costs, well productivity and before any commodity hedging gains or losses.

For the nine months ended September 30, 2013, total royalties increased 997 percent to $2,465,666 from $224,726 for the same period in 2012. The company's average royalty rate for the nine months ended September 30, 2013 increased 7 percent to 16.1 percent, compared to 15.0 percent for the same period in the prior year. This increase is due to the Manyberries properties having higher average royalties than those historically shown on the other LGX properties.

Operating and Transportation Expenses

	Three Months Ended September 30			Nine Months Ended September 30		
($, except per Boe amounts)	**2013**	**2012**	**% change**	**2013**	**2012**	**% change**
Operating expenses	3,386,203	463,674	630	6,764,626	639,132	958
$ per Boe	43.46	12.06	260	28.32	14.76	92
Transportation expenses	204,652	42,764	379	591,311	54,004	995
$ per Boe	2.63	1.11	137	2.48	1.25	98
Total operating costs	3,590,855	506,438	609	7,355,937	693,136	961
$ per Boe	46.09	13.17	250	30.80	16.01	92

Total operating costs during the third quarter of 2013 were $3,590,855, compared to $506,438 during the same period in 2012. The increase in total operating costs is attributable to increased downhole workovers on the Manyberries property incurred in the current quarter due to delays caused by wet weather. The workovers are not expected to continue at these levels. The Company expects to see operating expenses in total and on a per Boe basis to decrease going forward. On a per Boe basis, operating expenses for the three months ended September 30, 2013 were $43.46 (2012 - $12.06). On a per Boe basis, transportation expenses for the three months ended September 30, 2013 were $2.63 (2012 - $1.11). Total operating costs (including operating and transportation expenses) on a per Boe basis were $46.09 (2012 – $13.17).

Total operating costs during the nine months ended September 30, 2013 were $7,355,937, a 961 percent increase, compared to $693,136 during 2012. The increase in total operating costs is attributable to increased production volumes and various downhole workovers in the third quarter as discussed above. On a per Boe basis, operating expenses for the nine months ended September 30, 2013 were $28.32 (2012 – $14.76). On a per Boe basis, transportation expenses for the nine months ended September 30, 2013 were $2.48 (2012 - $1.25). Total operating costs (including operating and transportation expenses) on a per Boe basis were $30.80 (2012 - $16.01).

Exploration and Evaluation Expenses

During the three months ended September 30, 2013, the Company recorded $9,427,223 of exploration and evaluation expenses compared to $nil in the three months ended September 30, 2012. During the nine months ended September 30, 2013 the Company recorded $13,472,283 of exploration and evaluation expenses compared to $nil in the same period in the prior year. The exploration and evaluation expenses in 2013 are mainly attributable to expiration of land leases in the Alberta Bakken lands.

Depletion and Depreciation

For the three month period ended September 30, 2013, depletion and depreciation expense was $1,795,890 (2012 - $321,938). On a per Boe basis, depletion and depreciation for the third quarter of 2013 was $23.05 (2012 – $8.37).

For the nine months ended September 30, 2013, depletion and depreciation expense was $5,521,572 (2012 - $321,938). On a per Boe basis, depletion and depreciation for the nine months ended September 30, 2013 was $23.11 (2012 - $7.42).

Share-based Payments

For the three months ended September 30, 2013, the Company expensed $185,997 in share-based payments related to stock options compared to $51,475 for the same period in the prior year. This increase is primarily due to new stock options granted in the last half of 2012 and in the second quarter of 2013. The Company granted no new stock options in the third quarter of 2013.

For the nine months ended September 30, 2013, the Company expensed $514,526 in share-based payments related to stock options compared to $63,876 for the same period in 2012. The Company granted 1,813,000 new stock options in the nine months ended September 30, 2013, at an exercise price of $0.47 per share. These stock options have a five-year term and vest as to one third each year following the grant date.

General and Administrative Expenses

	Three Months Ended September 30			Nine Months Ended September 30		
($, except per Boe amounts)	**2013**	**2012**	**% change**	**2013**	**2012**	**% change**
General and administrative expenses	634,691	765,128	(17)	2,064,715	777,711	165
Recoveries	(8,103)	(3,842)	111	(14,330)	(3,842)	273
Capitalized general and administrative expenses	(75,150)	(75,150)	-	(225,450)	(75,150)	200
Total net general and administrative expenses	551,438	686,136	(20)	1,824,935	698,719	161
$ per Boe	7.08	17.84	(60)	7.64	16.14	(53)

During the third quarter of 2013, net general and administrative expenses ("G&A") decreased 20 percent to $551,438 compared to $686,136 in the same period in 2012. On a per Boe basis, the G&A expense was $7.08 per Boe for the three months ended September 30, 2013 (2012 - $17.84). Net G&A for the quarter was comprised of $634,691 (2012 - $765,128) in general and administrative expenses less $8,103 (2012 - $3,842) in recoveries and $75,150 (2012 - $75,150) in capitalized G&A.

For the nine months ended September 30, 2013, net general and administrative expenses ("G&A") increased 161 percent to $1,824,935 compared to $698,719 in the same period in 2012. On a per Boe basis, the G&A expense decreased by 53 percent to $7.64 per Boe for the nine months ended September 30, 2013 compared to $16.14 per Boe for the same period in the prior year. Net G&A for the nine months ending September 30, 2013 was comprised of $2,064,715 (2012 - $777,711) in general and administrative expenses less $14,330 (2012 - $3,842) in recoveries and $225,450 (2012 - $75,150) in capitalized G&A.

Finance Costs

Finance costs include interest expense and finance charges as well as accretion on decommissioning liabilities.

During the third quarter of 2013, interest and finance charges increased to $90,049 compared to $17,394 for the same period in 2012. The increase in interest and finance charges during the quarter was due to higher average bank debt compared to the same period in the prior year. During the third quarter of 2013, accretion on decommissioning liabilities was $159,693 (2012 - $17,772).

For 2013 year-to-date, interest and finance charges increased to $244,969 compared to $17,394 for the same period in 2012. The increase in interest and finance charges during the quarter was due to higher average bank debt compared to the same period in the prior year. For the nine months ended September 30, 2013, accretion on decommissioning liabilities was $475,967 compared to $24,512 for the same period in the prior year.

Other Expenses and Other Loss (Income)

For the three months ended September 30, 2013, the Company incurred transaction costs of $12,334 (2012 - $1,025). These transaction costs relate to additional transactions costs from prior period business combinations.

For the nine months ended September 30, 2013, the Company incurred transaction costs of $48,034 (2012 - $1,025). These transaction costs relate to additional transactions costs from prior period business combinations.

Income Taxes

A deferred income tax recovery of $2,723,667 was recorded for the three months ended September 30, 2013, resulting in an effective deferred income tax recovery rate of 25 percent of the net loss before tax compared to the applicable Canadian statutory tax rate of 25%. An income tax recovery was recorded for the three months ended September 2012 for $188,237.

A deferred income tax recovery of $4,040,035 was recorded for the nine months ended September 30, 2013, resulting in an effective deferred income tax recovery rate of 24 percent of the net loss before tax, the effective deferred income tax recovery rate is lower than the applicable Canadian statutory tax rate of 25% due to non-deductible expenditures for income tax purposes (mainly share-based payments). An income tax recovery was recorded for the nine months ended September 2012 for $188,237.

Net Income (Loss) and Funds Generated by Operations

For the quarter ended September 30, 2013, a net loss of $8,270,280 was recognized compared to net income of $10,254,593 during the same period in 2012 primarily due to exploration and evaluation expenses in the current year as well as the LGX reverse acquisition gain recognized in the prior year. Basic and diluted net loss per share for the third quarter of 2013 was $0.09, compared to basic and diluted earnings per share of $0.38 for 2012. Funds generated by (used in) operations increased 268 percent to $581,632 for the three months ended September 30, 2013, compared to $(345,347) during the same period in 2012. Basic and diluted funds generated by operations per share for the third quarter of 2013 were $0.01.

For 2013 year-to-date, net loss of $12,551,276 was recognized compared to net income of $10,442,354 during the same period in 2012 primarily due to exploration and evaluation expenses in the current year, the LGX reverse acquisition gain recognized in the prior year and increased share-based payments, general and administrative expenses and finance costs in the current year compared to the prior year. Basic and diluted net loss per share for the third quarter of 2013 were $0.14, compared to basic and diluted net earnings per share of $1.16, respectively, during the same period in the prior year. Funds generated by operations increased 2,488 percent to $3,306,515 for the nine months ended September 30, 2013, compared to funds used in operations of $138,445 during the same period in 2012, due primarily to higher production volumes. Basic and diluted funds generated by operations per share for the nine months ended September 30, 2013 were $0.04, compared to basic and diluted funds used in operations of $0.02 during the same period in 2012.

The following table summarizes the netbacks on a per Boe basis for the three and nine months ended September 30, 2013 and 2012:

	Three Months Ended September 30			Nine Months Ended September 30		
($ per Boe)	**2013**	**2012**	**% change**	**2013**	**2012**	**% change**
Petroleum and natural gas sales	73.13	27.32	168	64.19	34.55	86
Royalties	(11.28)	(4.84)	133	(10.32)	(5.19)	99
Revenue	61.85	22.48	175	53.87	29.36	84
Operating expenses	(43.46)	(12.06)	260	(28.32)	(14.76)	92
Transportation expenses	(2.63)	(1.11)	137	(2.48)	(1.25)	98
Operating netback	15.76	9.31	69	23.07	13.35	73
Exploration and evaluation expenses (cash portion)	(0.06)	-	n/a	(0.56)	-	n/a
General and administrative expenses	(7.08)	(17.84)	(60)	(7.64)	(16.14)	(53)
Financing costs – Interest expense and finance charges	(1.16)	(0.45)	158	(1.03)	(0.40)	158
Funds generated by (used in) operations	7.46	(8.98)	183	13.84	(3.19)	534

SUMMARY OF QUARTERLY RESULTS

The table below contains third quarter 2013 results of LGX as well as comparisons to the previous seven quarterly results for the Company:

	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4
Financial								
($, except per share amounts)								
Petroleum and natural gas sales	5,698,496	4,993,556	4,640,526	3,322,070	1,050,641	125,412	319,477	104,061
Petroleum and natural gas sales, net of royalties	4,819,532	4,156,240	3,891,140	2,775,518	864,621	116,196	289,987	87,925
Funds generated by operations	581,632	1,609,234	1,115,649	463,043	(345,347)	38,286	168,616	26,966
- Per share basic	0.01	0.02	0.01	0.01	(0.01)	-	-	-
- Per share diluted	0.01	0.02	0.01	0.01	(0.01)	-	-	-
Net Income (Loss)	(8,270,280)	(3,127,371)	(1,153,625)	(7,023,085)	10,254,593	29,498	158,263	(66,089)
- Per share basic	(0.09)	(0.04)	(0.01)	(0.11)	0.38	-	-	-
- Per share diluted	(0.09)	(0.04)	(0.01)	(0.11)	0.38	-	-	-
Capital expenditures (excluding acquisitions)	1,696,828	361,856	480,220	7,379,378	1,418,395	35,446	1,110,275	6,061,593
Net acquisitions (cash consideration)	-	-	-	42,378,028	-	-	-	-
Net debt and working capital surplus (deficit)	(9,189,958)	(8,058,946)	(9,307,723)	(9,906,927)	(5,043,920)	(32,065)	(561,482)	(3,466,967)
Total assets	133,374,916	141,694,415	147,121,183	148,469,817	76,967,098	36,461,424	36,632,345	38,803,877
Operating								
Production								
- Crude oil and natural gas liquids (Bbls per day)	567	578	612	430	95	16	38	12
- Natural gas (Mcf per day)	1,677	1,729	1,806	1,528	1,939	-	-	-
- Total daily production (Boe per day)	847	866	913	685	418	16	38	12
- Increase/(Decrease) over prior quarter	(2%)	(5%)	33%	64%	2,513%	(58%)	217%	n/a
Average realized price								
- Crude oil and natural gas liquids ($ per Bbl)	102.23	84.63	75.54	72.18	75.46	86.55	91.61	94.26
- Natural gas ($ per Mcf)	2.37	3.44	2.95	3.32	2.19	n/a	n/a	n/a
- Barrels of oil equivalent ($ per Boe)	73.13	63.37	56.47	52.71	27.32	86.55	91.61	94.26
Netback ($ per Boe)								
- Petroleum and natural gas sales	73.13	63.37	56.47	52.71	27.33	86.55	91.61	94.26
- Royalties	11.28	10.63	9.12	8.67	4.84	6.36	8.46	14.62
- Operating expenses	43.46	20.17	21.77	22.41	12.06	47.12	30.73	42.48
- Transportation expenses	2.63	2.81	2.02	2.19	1.11	2.02	2.39	3.11
- Operating netback	15.76	29.76	23.56	19.44	9.32	31.05	50.03	34.05

The Company's petroleum and natural gas sales have generally increased over the past eight quarters due to LGX's drilling program as well as business combinations. The Canadian dollar WTI benchmark price and corporate oil price differentials have also contributed to the fluctuations in the petroleum and natural gas sales.

Over the past eight quarters, net income has fluctuated primarily due to changes in funds flow from operations, exploration and evaluation expenses, gains from business combinations, transaction costs incurred on business combinations as well as associated fluctuations in the deferred tax expense (recovery).

Capital expenditures fluctuated through this period as a result of timing of the Company's drilling program and acquisitions.

SUMMARY OF HISTORICAL QUARTERLY RESULTS of LGX/BOWOOD

The chart below summarizes the first, second and third quarter 2013, third and fourth quarter 2012 results of LGX, subsequent to the reverse acquisition on July 5, 2012, as well as the quarterly results of Bowood Energy Inc. ("Bowood") for the three quarters prior to the common-control transaction and reverse acquisition at July 5, 2012.

						Bowood results prior to the reverse acquisition		
	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4
Financial								
($, except per share amounts)								
Petroleum and natural gas sales	5,698,496	4,993,556	4,640,526	3,322,070	1,050,641	1,155,040	1,551,799	1,855,678
Petroleum and natural gas sales, net of royalties	4,819,532	4,156,240	3,891,140	2,775,518	864,621	947,368	1,250,154	1,692,935
Funds generated by operations	581,632	1,609,234	1,115,649	463,043	(345,347)	(447,380)	141,236	294,684
- Per share basic	0.01	0.02	0.01	0.01	(0.01)	(0.03)	0.01	0.02
- Per share diluted	0.01	0.02	0.01	0.01	(0.01)	(0.03)	0.01	0.02
Net Income (Loss)	(8,270,280)	(3,127,371)	(1,153,625)	(7,023,085)	10,254,593	(1,565,810)	(822,455)	(12,276,692)
- Per share basic	(0.09)	(0.04)	(0.01)	(0.11)	0.38	(0.11)	(0.06)	(0.89)
- Per share diluted	(0.09)	(0.04)	(0.01)	(0.11)	0.38	(0.11)	(0.06)	(0.89)
Capital expenditures (excluding acquisitions)	1,695,828	361,856	480,220	7,379,378	1,418,395	182,828	356,457	2,159,483
Net debt and working capital surplus (deficit)	(9,189,958)	(8,058,946)	(9,307,723)	(9,906,927)	(5,043,920)	(5,125,595)	(4,500,560)	(4,280,792)
Total assets	133,374,916	141,694,415	147,121,183	148,469,817	76,967,098	43,228,188	44,950,952	45,126,885
Operating								
Production								
- Crude oil and natural gas liquids (Bbls per day)	567	578	612	430	95	108	131	115
- Natural gas (Mcf per day)	1,677	1,729	1,806	1,528	1,939	2,260	2,600	2,905
- Total daily production (Boe per day)	847	866	913	685	418	485	564	600
- Increase/(Decrease) over prior quarter	(2%)	(5%)	33%	64%	(14%)	(14%)	(6%)	10%
Average realized price								
- Crude oil and natural gas liquids ($ per Bbl)	102.23	84.63	75.54	72.18	75.46	76.34	86.03	91.19
- Natural gas ($ per Mcf)	2.37	3.44	2.95	3.32	2.19	1.97	2.22	3.33
- Barrels of oil equivalent ($ per Boe)	73.13	63.37	56.47	52.71	27.32	26.17	30.24	33.62
Netback ($ per Boe)								
- Petroleum and natural gas sales	73.13	63.37	56.47	52.71	27.33	26.17	30.24	33.62
- Royalties	11.28	10.63	9.12	8.67	4.84	4.71	5.87	2.95
- Operating expenses	43.46	20.17	21.77	22.41	12.06	12.95	11.09	12.63
- Transportation expenses	2.63	2.81	2.02	2.19	1.11	n/a	n/a	n/a
- Operating netback	15.76	29.76	23.56	19.44	9.32	8.51	13.28	18.04

CAPITAL EXPENDITURES

The Company's capital expenditures consists of capital expenditures on exploration and evaluation assets, capital expenditures on property, plant and equipment and the cash portion of corporate acquisitions.

	Three Months Ended September 30			Nine Months Ended September 30		
($)	**2013**	**2012**	**% change**	**2013**	**2012**	**% change**
Property, plant and equipment additions	249,337	3,522	6,979	450,565	3,522	12,693
Exploration and evaluation asset additions	1,447,491	1,407,474	3	2,088,339	2,553,195	(18)
Total capital expenditures excluding acquisitions	1,696,828	1,410,996	20	2,538,904	2,556,717	(1)
Net acquisitions (cash portion)	-	-	n/a	-	-	n/a
Total capital expenditures including net acquisitions (cash portion)	1,696,828	1,410,996	20	2,538,904	2,556,217	(1)

Total capital expenditures excluding net acquisitions above consist of the following:

	Three Months Ended September 30			Nine Months Ended September 30		
($)	**2013**	**2012**	**% change**	**2013**	**2012**	**% change**
Land acquisitions and retention	236,872	151,673	56	283,519	168,203	69
Geological and geophysical	144,515	744,630	(81)	479,742	771,480	(38)
Drilling and completions	983,637	462,752	113	1,200,150	1,485,215	(19)
Equipping and facilities	256,654	(23,209)	1,206	350,043	56,669	518
Capitalized general and administrative expenses	75,150	75,150	-	225,450	75,150	200
Total capital expenditures excluding net acquisitions	1,696,828	1,410,996	20	2,538,904	2,556,717	(1)

CAPITALIZATION AND CAPITAL RESOURCES

Share Capital

	Three Months Ended September 30		Nine Months Ended September 30	
	2013	**2012**	**2013**	**2012**
Outstanding Common Shares				
Weighted average Common Shares outstanding (1)				
- Basic	88,658,427	26,887,462	88,658,427	9,027,907
- Diluted	88,658,427	26,887,462	88,658,427	9,027,907

	September 30 2013
Outstanding Securities	
- Common Shares	88,658,427
- Common Share Warrants	6,000,000
- Common Share Options	3,554,500

(1) Per share information is calculated on the basis of the weighted average number of Common Shares outstanding during the fiscal period. Diluted per share information reflects the potential dilution that could occur if securities or other contracts to issue Common Shares were exercised or converted to Common Shares. Diluted per share information is calculated using the treasury stock method which assumes that any proceeds received by the Company upon exercise of in-the-money stock options or share warrants plus the unamortized share-based payments expense would be used to buy back "in the money" Common Shares at the average market price for the period.

Total Market Capitalization

The Company's equity market capitalization at September 30, 2013 was $55,854,809.

	As at September 30 2013
Common Shares Outstanding	88,658,427
Share Price (2)	$0.63
Total Market Capitalization	$55,854,809

(2) Represents the closing price on the TSX Venture Exchange ("TSX-V") at September 30, 2013

There is a significant difference between the Company's net assets and market capitalization as at September 30, 2013. Management believes that the market capitalization of the Company continues to be dominated by external factors such as overall market confidence, global debt concerns and global liquidity issues and does not reflect the fair value of the Company's net assets.

As at November 11, 2013, the Company had 88,658,427 common shares outstanding.

Liquidity and Capital Resources

The Company's primary sources of liquidity to meet operating expenses and fund its exploration and development capital program are derived from the Company's internal funds flow from operations and the Company's revolving operating bank credit facility. The Company utilizes this facility to fund daily operating activities and acquisitions as needed. Because of the liquidity and capital resource alternatives available to the Company, including internal funds flow from operations, the Company believes that its liquidity is sufficient to fund operating, interest and general and administrative expenses.

At September 30, 2013, the Company had a $25,000,000 revolving demand credit facility with a Canadian financial institution comprised of a $5,000,000 operating loan facility, a $15,000,000 production loan facility and a $5,000,000 acquisition/development facility. As at September 30, 2013, $6,000,000 had been drawn on the Company's production facility and $150,000 on the Company's operating line. The credit facility provides that advances may be made by way of direct advances, bankers' acceptances or letters of guarantee, drawings on the credit facility bear interest at the bank's prime rate plus an additional margin based on the Company's debt to cash flow ratio and type of borrowing. Security for the credit facility is provided by a $75,000,000 demand debenture.

The Company's bank indebtedness does not have a specific maturity date as it is a demand facility. This means that the lender has the ability to demand repayment of all outstanding indebtedness or a portion thereof at any time. If that were to occur, the Company would be required to source alternate credit facilities or sell assets to repay the indebtedness. The Company reduces this risk by complying with the covenants of the credit facility agreement and maintaining a minimal balance on the facility. The covenants require maintaining a current ratio, excluding any current liabilities under the credit facility, of not less than 1.0:1.0. At September 30, 2013, the Company was in compliance with all such covenants.

On an ongoing basis, the Company will review its capital expenditures to ensure that cash flow and or access to credit facilities is available to fund these capital expenditures. The Company has the flexibility to adjust capital expenditures based on cash flow to manage debt levels.

($)	**As at September 30 2013**	**As at December 31 2012**
Capital resources		
Bank debt available	18,850,000	23,150,000
Working capital (deficit)	(3,039,958)	(8,056,927)
Total capital resources available	15,810,042	15,093,073

ACCOUNTING POLICIES AND ESTIMATES

The unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2013 have been prepared using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the year ended December 31, 2012, except for new accounting policies as described in Note 3 of the March 31, 2013 and September 30, 2013 unaudited condensed interim consolidated financial statements and for income taxes. Income taxes on income (loss) for the interim periods are accrued using the income tax rate that would be applicable to the expected total annual income (loss). The new accounting policies adopted in the first quarter of 2013 had no effect on the Company's current and prior period financial statements.

A summary of the significant accounting policies used by LGX can be found in Note 3 of the December 31, 2012 audited consolidated financial statements. Note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2012 discloses a summary of the areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements.

MANAGEMENT'S DISCUSSION + ANALYSIS

RISK ASSESSMENT

There are a number of risks facing participants in the Canadian oil and gas industry. Some of the risks are common to all businesses while others are specific to a sector. The general and specific risks to which the Company is exposed have been described in the Company's MD&A for the year ended December 31, 2012. In addition, LGX is also subject to other risks and uncertainties which are described in the Company's Annual Information Form dated April 2, 2013.

OUTSTANDING SHARE DATA

Common Shares

LGX is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. Holders of common shares are entitled to one vote per share at meetings of shareholders of LGX, to receive dividends if, as and when declared by the board of directors and to receive pro rata the remaining property and assets of LGX upon its dissolution or winding-up, subject to the rights of shares having priority over the common shares.

As at September 30, 2013, a total of 88,658,427 common shares were issued and outstanding. In addition, a total of 3,554,500 stock options to acquire common shares and 6,000,000 warrants to acquire common shares were outstanding.

RELATED PARTY TRANSACTIONS

On July 5, 2012, Legacy and the Company entered into a management, technical and administrative services agreement whereby the Company will be managed by Legacy's current management team and staff, in exchange for a monthly fee of $167,000 excluding GST. The management fee charged to the Company by Legacy is for the provision of management and administrative services and is intended to cover the cost of administrative expense and salary costs paid by Legacy. Under the terms of the Services Agreement, Legacy invoiced the Company $1,578,150 during the nine months ended September 30, 2013 (2012 - $526,050) of which $175,350 was payable as at September 30, 2013 (December 31, 2012 - $1,052,100). In relation to capital and operations activity, the Company has a net trade payable to Legacy of $2,123,845 as at September 30, 2013 (December 31, 2012 - $2,959,614), which includes the management fee discussed above.

The Company incurred fees of $84,771 for corporate and legal services rendered by law firms, which a board member and the Corporate Secretary are partners of, for the nine month period ended September 30, 2013 of which $364 was payable at September 30, 2013 (2012 - $98,981). These fees were incurred in the normal course of business under similar terms and conditions as transactions with unrelated companies.

All related party transactions are measured at the exchange amount and settled in cash.

COMMITMENTS AND CONTINGENGIES

Drilling commitments

The Company is committed to drill a minimum of two wells on its Alberta Bakken properties located on the lands of the Blood Tribe First Nation in each of the years ending September 30, 2013, 2014 and 2015, to a minimum of 1,000 metres total depth or 5 metres into the Devonian formation, whichever first occurs. As at September 30, 2013, the fiscal 2013 commitments have been met.

Services Agreement

Legacy and LGX entered into a management, technical and administrative services agreement whereby LGX will be managed by Legacy's current management team and staff as of July 5, 2012, in exchange for a monthly fee of $167,000. The agreement will continue until terminated by either party with 90 days' notice.

ADDITIONAL INFORMATION

Additional information regarding LGX and its business and operations can be obtained by contacting the Company at LGX Oil + Gas Inc., 4400, Eighth Avenue Place, 525 - 8th Avenue, SW, Calgary, Alberta, Canada T2P 1G1 or by e-mail at info@lgxoil.com. Additional information, including its most recently filed annual information form ("AIF") dated April 2, 2013, is also available on the Company's profile at www.sedar.com.