Q3

For the period ended
September 30, 2013

LGX OIL+GAS INC.

FINANCIAL + OPERATIONAL HIGHLIGHTS [1]

Unaudited (Cdn $, except per share amounts)	Three Months Ended September 30 2013	2012	% change	Nine Months Ended September 30 2013	2012	% change
Financial						
Petroleum and natural gas sales, net of royalties	4,819,532	864,621	457	12,866,912	1,270,804	913
Funds generated by (used in) operations [2]	581,632	(345,347)	268	3,306,515	(138,445)	2,488
Per share basic	0.01	(0.01)	200	0.04	(0.02)	300
Per share diluted [3]	0.01	(0.01)	200	0.04	(0.02)	300
Net income (loss)	(8,270,280)	10,254,593	(181)	(12,551,276)	10,442,354	(220)
Per share basic	(0.09)	0.38	(124)	(0.14)	1.16	(112)
Per share diluted [3]	(0.09)	0.38	(124)	(0.14)	1.16	(112)
Capital expenditures (excluding acquisitions)	1,696,828	1,410,996	20	2,538,904	2,556,717	(1)
Net acquisitions (cash consideration)	-	-	n/a	-	-	n/a
Net debt and working capital surplus (deficit) [2]	(9,189,958)	(5,043,920)	82	(9,189,958)	(5,043,920)	82
Operating						
Production						
Crude oil and natural gas liquids (Bbls per day)	567	95	497	586	50	1,072
Natural gas (Mcf per day)	1,677	1,939	(14)	1,736	651	167
Barrels of oil equivalent (Boe per day) [4]	847	418	103	875	158	454
Average realized price						
Crude oil and natural gas liquids ($ 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) [4]	73.13	27.32	168	64.19	34.55	86
Netback ($ per Boe) [2]						
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
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 ($ per Boe) [2]	15.76	9.31	69	23.07	13.35	73
Undeveloped land holdings (gross acres)	129,724	217,334	(40)	129,724	217,334	(40)
(net acres)	123,185	184,165	(33)	123,185	184,165	(33)
Common Shares (000's)						
Common shares outstanding, end of period	88,658	30,279	193	88,658	30,279	193
Weighted average common shares (basic)	88,658	26,887	230	88,658	9,028	882
Weighted average common shares (diluted) [3]	88,658	26,887	230	88,658	9,028	882

(1) ***The reader is cautioned that the Financial + Operational Highlights above present the historic financial position, results of operations and cash flows of Legacy Oil + Gas Inc.'s Southern Alberta Assets ("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 the SA Assets and LGX Oil + Gas Inc. (referred to collectively with its subsidiaries as "LGX" or the "Company"), unless otherwise indicated. Refer to the common-control transaction and reverse acquisition in the Management's Discussion and Analysis "(MD&A") of LGX Oil + Gas Inc. for the third quarter of 2013 and audited consolidated financial statements for the year ended December 31, 2012. For a comparison of the quarter to prior quarters of Bowood Energy Inc., refer to page 11 of the MD&A of LGX Oil + Gas Inc. for the third quarter of 2013.***

(2) *Management uses funds generated by operations, net debt and working capital surplus (deficit) and operating netback to analyze operating performance and leverage. These terms, as presented, do not have a standardized meaning prescribed by International Financial Reporting Standards and therefore they may not be comparable with the calculation of similar measures for other entities.*

FINANCIAL + OPERATIONAL HIGHLIGHTS

(3) In calculating the net income (loss) per share diluted, the Company excludes the effect of outstanding stock options and share warrants outstanding and uses the weighted average common shares (basic) where the Company has a net loss for the period. In calculating, funds generated by (used in) operations per share diluted, the Company includes the effect of outstanding stock options and share warrants using the treasury stock method.

(4) Boe means barrel of oil equivalent. All Boe conversions in this report are derived by converting natural gas to oil equivalent at a 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.

PRESIDENT'S MESSAGE

ACCOMPLISHMENTS

- Increased average production from 418 Boe per day in the third quarter of 2012 to 847 Boe per day in the third quarter of 2013 (103 percent increase)
- Increased oil and NGL's weighting from 23 percent in the third quarter of 2012 to 67 percent in the third quarter of 2013
- Increased funds generated from operations of negative $0.3 million (negative $0.01 per share) in the third quarter of 2012 to $0.6 million ($0.01 per share) in the third quarter of 2013 (200 percent increase)
- Increased operating netbacks year over year from $13.35 per Boe in the first nine months of 2012 to $23.07 per Boe in the first nine months of 2013 (73 percent increase)
- Spud two high impact exploration wells in the Southern Alberta Bakken area targeting the Banff/Big Valley zones which have been proven highly productive through offsetting industry activity

OPERATIONS OVERVIEW

Alberta Bakken

In the quarter, LGX spud two high potential exploration wells in the Southern Alberta Bakken area, targeting the Banff/Big Valley zones. These prospects were identified using the Company's 95 square mile 3D seismic survey in the area. Both wells have successfully confirmed the Company's geological and geophysical interpretation of the play. Intermediate casing has been set on the first well and the well is awaiting further evaluation after seeing oil and natural gas shows in the target formations. The second well is drilling horizontally in the target zone and immediately offsets recent successful industry activity.

Evaluation of these two wells could take several months and LGX will provide further information at the appropriate time.

These two wells satisfy the 2013 drilling commitments on the Blood Tribe First Nation lands.

Manyberries

The Company is continuing its low cost optimization projects, including oil well restarts and water injection re-configuration and workovers. The Company completed a significant number of these in the quarter, resulting in one-time higher than normal operating costs in the quarter, but will aid in the sustainability of the production. Oil decline rates have been reduced from 16 percent per year to 10 percent per year as a result of this work. Geophysical, geological and engineering work continues on high-grading Sunburst development drilling locations and further evaluating the horizontal drilling potential in the Swift Formation.

OUTLOOK

The Company has completed and continues to identify a number of low cost optimization initiatives at Manyberries for 2013 that include oil well restarts, workovers and water injection reconfiguration, which are anticipated to have a positive effect on both production and reserves. Work continues on high-grading Sunburst development drilling locations and further evaluating the horizontal drilling potential in the Swift Formation.

Positive results from the interpretation of the 95 square mile 3D seismic survey shot over LGX lands combined with recently announced strong production results from the Big Valley and Banff formations from wells immediately offsetting LGX lands have increased the confidence in the Banff and Big Valley as an emerging light oil resource play in southern Alberta. The Company spud two exploratory wells late in the third quarter of 2013 and is currently evaluating both. LGX is well positioned on this emerging play with more than 109,000 net undeveloped acres in the Alberta Bakken fairway.

The Company continues to be on track to meet its previously announced full year production guidance, however, with the increased one-time repair and ongoing optimization projects at Manyberries and an increased working interest on the two exploratory wells drilled in the Alberta Bakken Fairway, there will be an increase to previously announced operating and transportation cost per Boe and capital expenditure guidance to approximately $30.00 per Boe and $12.5 million, respectively.

The management team at LGX continues to aggressively pursue opportunities that improve the upside potential, sustainability and autonomy of LGX.

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 2013	2012	% change	Nine Months Ended September 30 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.

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)
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.

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.

LGX OIL + GAS INC.

Condensed Interim Consolidated Statement of Comprehensive Income (Loss)
(*Unaudited*)

(Canadian $, except per share amounts)	**Note**	**Three Months Ended September 30 2013**	**2012**	**Nine Months Ended September 30 2013**	**2012**
Revenue					
Petroleum and natural gas sales	*4*	5,698,496	1,050,641	15,332,578	1,495,530
Royalties	*4*	(878,964)	(186,020)	(2,465,666)	(224,726)
		4,819,532	864,621	12,866,912	1,270,804
Expenses and Other Loss (Income)					
Operating expenses		3,386,203	463,674	6,764,626	639,132
Transportation expenses		204,652	42,764	591,311	54,004
Exploration and evaluation expenses	*6*	9,427,223	-	13,472,283	-
Depletion and depreciation	*7*	1,795,890	321,938	5,521,572	321,938
Share-based payments	*13*	185,997	51,475	514,526	63,876
General and administrative expenses		551,438	686,136	1,824,935	698,719
Transaction costs		12,334	1,025	48,034	1,025
Finance costs	*5*	249,742	35,166	720,936	41,906
Reverse acquisition gain	*1*	-	(10,803,913)	-	(10,803,913)
		15,813,479	(9,201,735)	29,458,223	(8,983,313)
Net Income (Loss) Before Income Tax		(10,993,947)	10,066,356	(16,591,311)	10,254,117
Income Taxes					
Deferred income tax recovery		(2,723,667)	(188,237)	(4,040,035)	(188,237)
Net Income (Loss)		**(8,270,280)**	**10,254,593**	**(12,551,276)**	**10,442,354**
Other Comprehensive Income (Loss)					
Items that may be reclassified to Income (Loss)					
Foreign currency translation on foreign operations		(3,497)	(1,622)	(1,568)	(1,622)
Comprehensive Income (Loss)		**(8,273,777)**	**10,252,971**	**(12,552,844)**	**10,440,732**
Earnings (Loss) per Common Share ($)					
Basic	*12*	(0.09)	0.38	(0.14)	1.16
Diluted	*12*	(0.09)	0.38	(0.14)	1.16

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

LGX OIL + GAS INC.
Condensed Interim Consolidated Statement of Financial Position
(*Unaudited*)

As at *(Canadian $)*	Note	September 30 2013	December 31 2012
ASSETS			
Current Assets			
Cash and cash equivalents		64,749	710,162
Trade and other receivables		4,254,174	4,303,845
Total Current Assets		4,318,923	5,014,007
Non-current Assets			
Exploration and evaluation assets	*6*	53,807,086	64,692,773
Property, plant and equipment	*7*	74,150,370	78,763,038
Deferred taxes		1,098,537	-
Total Non-current Assets		129,055,993	143,455,811
Total Assets		**133,374,916**	**148,469,818**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Bank debt	*8*	6,150,000	1,850,000
Trade and other payables		7,358,881	13,070,933
Total Current Liabilities		13,508,881	14,920,933
Non-current Liabilities			
Decommissioning liabilities	*9*	26,177,116	25,070,620
Deferred taxes		-	2,941,746
Total Non-current Liabilities		26,177,116	28,012,366
Total Liabilities		39,685,997	42,933,299
Shareholders' Equity			
Share capital and warrants	*10*	84,725,717	84,726,460
Contributed surplus		1,082,518	376,531
Reserve from common-control transaction		17,203,261	17,203,261
Accumulated other comprehensive loss		(2,809)	(1,241)
Retained earnings (Accumulated deficit)		(9,319,768)	3,231,508
Total Shareholders' Equity		93,688,919	105,536,519
Total Shareholders' Equity and Liabilities		**133,374,916**	**148,469,818**
Commitments and contingencies	*17*		

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

LGX OIL + GAS INC.

Condensed Interim Consolidated Statement of Changes in Equity

(Unaudited)

(Canadian $)	Note	Share Capital and Warrants	Net investment in SA Assets[(2)]	Contributed Surplus	Reserve from common-control transaction	AOCI[(1)]	Retained Earnings (Accumulated Deficit)	Total Equity
Balance as at December 31, 2012		**84,726,460**	**-**	**376,531**	**17,203,261**	**(1,241)**	**3,231,508**	**105,536,519**
Net loss for the period		-	-	-	-	-	(12,551,276)	(12,551,276)
Share issue costs, net of tax	*10*	(743)	-	-	-	-	-	(743)
Share-based payments	*13*	-	-	705,987	-	-	-	705,987
Foreign currency translation on foreign operations		-	-	-	-	(1,568)	-	(1,568)
Balance as at September 30, 2013		**84,725,717**	**-**	**1,082,518**	**17,203,261**	**(2,809)**	**(9,319,768)**	**93,688,919**
Balance as at December 31, 2011		**-**	**31,358,991**	**93,546**	**-**	**-**	**-**	**31,452,537**
Net income for the period		-	187,761	-	-	-	10,254,593	10,442,354
Net distributions to Legacy Oil + Gas Inc.[(2)]		-	(1,343,491)	-	-	-	-	(1,343,491)
Issue of share capital		37,402,661	(30,203,261)		17,203,261			24,402,661
Share issue costs, net of tax		(339,223)						(339,223)
Share-based payments		-	-	84,652	-	-	-	84,652
Foreign currency translation on foreign operations						(1,622)		(1,622)
Balance as at September 30, 2012		**37,063,438**	-	**178,198**	**17,203,261**	**(1,622)**	**10,254,593**	**64,697,868**

(1) Accumulated Other Comprehensive Income (Loss)

(2) Legacy Oil + Gas Inc.'s net investment in Southern Alberta Assets (Note 1)

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

LGX OIL + GAS INC.
Condensed Interim Consolidated Statement of Cash Flows
(Unaudited)

		Three Months Ended September 30		Nine Months Ended September 30	
(Canadian $)	**Note**	**2013**	**2012**	**2013**	**2012**
Cash flow from (used in) operating activities					
Net income (loss) for the period		(8,270,280)	10,254,593	(12,551,276)	10,442,354
Adjusted for:					
Depletion and depreciation	*7*	1,795,890	321,938	5,521,572	321,938
Accretion on decommissioning liabilities	*9*	159,693	17,772	475,967	24,512
Exploration and evaluation expenses	*6*	9,421,665	-	13,337,727	-
Share-based payments	*13*	185,997	51,475	514,526	63,876
Reverse acquisition gain		-	(10,803,913)	-	(10,803,913)
Deferred income tax expense recovery		(2,723,667)	(188,237)	(4,040,035)	(188,237)
Cash flow from operating activities before changes in non-cash working capital		569,298	(346,372)	3,258,481	(139,470)
Net change in non-cash working capital	*15*	852,013	(3,974,662)	(4,055,845)	(3,953,227)
Net cash flow from (used in) operating activities		1,421,311	(4,321,034)	(797,364)	(4,092,697)
Cash flow used in investing activities					
Capital expenditure on property, plant and equipment and exploration and evaluation assets	*15*	(2,381,964)	1,737,060	(4,146,141)	(2,864,998)
Net cash used in investing activities		(2,381,964)	1,737,060	(4,146,141)	(2,864,998)
Cash flow from financing activities					
Proceeds from the issuance of common shares and warrants		-	6,531,991	-	6,531,991
Net contributions from Legacy Oil + Gas Inc.		-	52,524	-	4,426,245
Share issue costs		-	(452,297)	(990)	(452,297)
Increase (decrease) in bank debt		650,000	(3,467,928)	4,300,000	(3,467,928)
Net cash flow from financing activities		650,000	2,664,290	4,299,010	7,038,011
Foreign exchange gain on cash and cash equivalents held in foreign currency		(6,030)	(2,892)	(918)	(2,892)
Increase (decrease) in cash and cash equivalents		(316,683)	77,424	(645,413)	77,424
Cash and cash equivalents, beginning of period		381,432	-	710,162	-
Cash and cash equivalents, end of period		**64,749**	**77,424**	**64,749**	**77,424**

Supplemental cash flow information *15*

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

LGX OIL + GAS INC.
Notes to Condensed Interim Consolidated Financial Statements

September 30, 2013 *(all tabular amounts in Canadian $, except per unit and volume amounts or as otherwise indicated)*
(Unaudited)

1. REPORTING ENTITY

Incorporation and Nature of Business

The principal undertaking of LGX Oil + Gas Inc. and its subsidiaries ("LGX" or the "Company") (formerly known as Bowood Energy Inc.), a growth-oriented junior oil and natural gas exploration, development and production Company, includes the investment in all types of energy business-related assets, including, but not limited to, petroleum and natural gas-related assets, gathering, processing and transportation assets located in Western Canada. The operations of the Company consist of the acquisition, development, exploration and exploitation of these assets.

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, 42% 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 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 in determining that LGX is controlled by Legacy/SA Assets following the Asset Purchase, even though Legacy/SA Assets holds less than half of the voting rights of LGX, are disclosed in Note 3 of the audited consolidated financial statements for the year ended December 31, 2012.

As a result, these 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. 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").

LGX is incorporated and domiciled in Canada under the Business Corporations Act (Alberta). The address of the principal place of business is 4400, Eighth Avenue Place, 525 - 8th Avenue SW, Calgary, Alberta, Canada, T2P 1G1. The Company's only listing is on the TSX Venture Exchange under the symbol "OIL".

These condensed interim consolidated financial statements were approved and authorized for issue by the Company's Board of Directors on November 11, 2013.

2. BASIS OF PRESENTATION

Statement of Compliance

These unaudited condensed interim consolidated financial statements 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 changes in accounting policies as described in Note 3 below and for income taxes. Income taxes on income (loss) in the interim periods are accrued using the income tax rate that would be applicable to the expected total annual income (loss). The condensed interim consolidated financial statements are in compliance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed.

The preparation of financial statements in accordance with IAS 34 requires the use of certain significant accounting estimates and also requires management to exercise judgment in applying the Company's accounting policies. 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 financial statements.

These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2012. The accompanying condensed interim consolidated financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars ("$", "Canadian $", "Cdn $" or "CAD"), which is the Company's functional currency. All financial information is rounded to the nearest dollar, except per unit amounts and where otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES

The Company adopted the following new and revised standards, along with all consequential amendments, effective January 1, 2013. These changes are made in accordance with the applicable transitional provisions.

Consolidation, Joint Arrangements, Associates and Disclosures

IFRS 10, *Consolidated Financial Statements*, replaces the guidance on control and consolidation in IAS 27, *Consolidated and Separate Financial Statements*, and SIC-12, *Consolidation – Special Purpose Entities*. IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on applying the definition of control. The accounting requirements for consolidation have remained largely consistent with IAS 27. The Company assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries and investees.

IFRS 11, *Joint Arrangements*, supersedes IAS 31, *Interests in Joint Ventures*, and requires joint arrangements to be classified either as joint operations or joint ventures depending on the contractual rights and obligations of each investor that jointly controls the arrangement. For joint operations, a company recognizes its share of assets, liabilities, revenues and expenses of the joint operation. An investment in a joint venture is accounted for using the equity method as set out in IAS 28, *Investments in Associates and Joint Ventures* (amended in 2011). The other amendments to IAS 28 did not affect the Company. The Company reviewed the classification of its joint arrangements and concluded that the adoption of IFRS 11 did not result in any changes in the accounting for its joint arrangements.

Fair Value Measurement

IFRS 13, *Fair Value Measurement*, provides a single, comprehensive framework for fair value measurement and disclosure requirements for use across all IFRS standards. IFRS 13 clarifies that the fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. Under IFRS 13, the fair value of a liability must reflect the non-performance risk, which includes an entity's own credit risk. The Company adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

Amendment of Presentation of Items of Other Comprehensive Income (Loss)

The Company has adopted the amendments to IAS 1, *Presentation of Financial Statements*, effective January 1, 2013. These amendments require the Company to group other comprehensive income items by those that will not be subsequently reclassified to income (loss) or items that may be subsequently reclassified to income (loss) when specific conditions are met. The amendment has been applied retrospectively and, as such, the presentation of items in other comprehensive income (loss) has been modified. These changes did not result in any adjustments to other comprehensive income (loss) or comprehensive income (loss).

Employee Benefits

The Company has adopted the amendments to IAS 19, *Employee Benefits* (amended in 2011), effective January 1, 2013. These amendments make significant changes to the recognition and measurement of defined benefit pension expense and termination benefits and to enhance the disclosure of all employee benefits. The adoption of these amendments did not have an impact on the Company's condensed interim consolidated financial statements.

Future Accounting Pronouncements

IAS 36, *Impairment of Assets*, has been amended to require additional disclosures in the event of recognizing an impairment of assets. The standard is required to be adopted for periods on or after January 1, 2014. The Company is in the process of assessing the impact of these amendments, if any.

There were no other new or amended standards issued during the nine months ended September 30, 2013 that are applicable to the Company in future periods. In addition to the above, a description of other standards and interpretations that will be adopted by the Company in future periods can be found in the notes to the Company's audited consolidated financial statements for the year ended December 31, 2012.

4. REVENUE

	Three Months Ended September 30		Nine Months Ended September 30	
($)	**2013**	**2012**	**2013**	**2012**
Petroleum and natural gas sales by product				
Crude oil and natural gas liquids	5,332,469	659,509	13,944,691	1,104,398
Natural gas	366,027	391,132	1,387,887	391,132
Total petroleum and natural gas sales	5,698,496	1,050,641	15,332,578	1,495,530
Less: Royalties	(878,964)	(186,020)	(2,465,666)	(224,726)
Total revenue	4,819,532	864,621	12,866,912	1,270,804

5. FINANCE COSTS

	Three Months Ended September 30		Nine Months Ended September 30	
($)	**2013**	**2012**	**2013**	**2012**
Interest expense and finance charges	90,049	17,394	244,969	17,394
Accretion on decommissioning liabilities *(Note 9)*	159,693	17,772	475,967	24,512
Total finance costs	249,742	35,166	720,936	41,906

6. EXPLORATION AND EVALUATION ASSETS

($)	September 30 2013	December 31 2012
Balance, beginning of period	64,692,773	35,256,877
Additions	2,088,339	9,928,589
Acquisitions	-	24,782,518
Capitalized share-based payments *(Note 13)*	191,461	75,980
Change in decommissioning liabilities	172,190	177,685
Transfer to property, plant and equipment *(Note 7)*	-	(662,730)
Land expiries expensed and other exploration and evaluation costs derecognized	(13,337,727)	(4,866,156)
Foreign currency translation	50	10
Balance, end of period	53,807,086	64,692,773

Exploration and evaluation assets consist of the Company's undeveloped land and exploration projects which are pending the determination of technical feasibility.

Direct general and administrative costs capitalized by the Company during the nine months ended September 30, 2013 and included in additions were $225,450 (2012 - $75,150).

For the nine months ended September 30, 2013, net (income) loss includes $13,472,283 of exploration and evaluation expense (2012 - $nil) consisting of $13,337,727 of land lease expiries exploration and evaluation costs derecognized (2012 - $nil) and $134,556 of pre-licensing and other costs incurred prior to acquiring the legal rights to explore charged directly to net (income) loss (2012 - $nil).

7. PROPERTY, PLANT AND EQUIPMENT

($)	September 30 2013	December 31 2012
Petroleum and natural gas assets at cost	81,332,674	80,423,770
Corporate assets at cost	7,400	7,400
Property, plant and equipment at cost	81,340,074	80,431,170
Accumulated depletion and depreciation	7,189,704	1,668,132
Property, plant and equipment net carrying amount	74,150,370	78,763,038

Petroleum and Natural Gas Assets

($)	September 30 2013	December 31 2012
Cost		
Balance, beginning of period	80,423,770	-
Additions	450,565	7,506
Transfer from exploration and evaluation assets *(Note 6)*	-	662,730
Impairment	-	(943,500)
Acquisitions	-	64,286,970
Change in decommissioning liabilities	458,339	16,410,064
Balance, end of period	81,332,674	80,423,770
Accumulated depletion		
Balance, beginning of period	1,666,464	-
Depletion	5,519,748	1,666,464
Balance, end of period	7,186,212	1,666,464
Net carrying amount	74,146,462	78,757,306

At September 30, 2013, future development costs of $30,825,000 (December 31, 2012 – $30,825,000) are included in costs subject to depletion.

Corporate Assets

($)	September 30 2013	December 31 2012
Cost		
Balance, beginning of period	7,400	-
Additions	-	7,400
Balance, end of period	7,400	7,400
Accumulated depreciation		
Balance, beginning of period	1,668	-
Depreciation	1,824	1,668
Balance, end of period	3,492	1,668
Net carrying amount	3,908	5,732

Property, plant and equipment impairment test

IFRS requires an impairment test to assess the recoverable value of property, plant and equipment within each cash-generating unit whenever there is an indication of impairment. Impairment testing is performed by comparing the carrying amounts of property, plant and equipment to the recoverable amounts. The recoverable amounts of each cash-generating unit were based on the fair value less costs to dispose.

Based on the decrease in reserve engineer forward price decks for natural gas as at September 30, 2013, an impairment indicator was identified for the Armada cash-generating unit in southern Alberta and impairment testing was performed and no impairment expense was recognized as a result of this impairment test.

8. BANK DEBT

The following table shows the amounts drawn down on the Company's bank debt facility at September 30, 2013:

($)	September 30 2013	December 31 2012
Bank credit facility	6,150,000	1,850,000

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 is subject to certain covenants in its credit facility agreement and was in compliance with all such covenants as of September 30, 2013 and the Company had maintained the bank's required ratio of current assets to current liabilities, excluding any current liabilities under the credit facility, of 1:1 or better. The lending agreement defines current assets as current assets as per the Company's statement of financial position plus any undrawn amount on the credit facility. The lending agreement defines current liabilities as the current liabilities as per the Company's statement of financial position sheet less any amounts drawn on the credit facility.

9. DECOMMISSIONING LIABILITIES

The decommissioning liabilities were estimated based on the Company's net ownership interest in all wells and facilities, the estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future periods. As at September 30, 2013, the estimated future undiscounted cash flows of $41,736,980 of the Company (December 31, 2012 – $40,755,887) have been discounted using an average risk free rate of approximately two and a half percent (December 31, 2012 – two and a half percent) and an inflation rate of two percent (December 31, 2012 – two percent).

The following table reconciles the decommissioning liabilities:

($)	September 30 2013	December 31 2012
Balance, beginning of period	25,070,620	337,373
Decommissioning liabilities incurred during the period	630,529	86,095
Decommissioning liabilities acquired	-	8,056,678
Accretion expense during period	475,967	88,820
Revisions (change in discount rate)	-	16,501,654
Balance, end of period	26,177,116	25,070,620

10. SHARE CAPITAL AND WARRANTS

Authorized

Unlimited number of common voting shares ("Common shares").

Issued and Outstanding

On August 20, 2012, the Company consolidated its outstanding common shares on a 20 to 1 basis, as approved by the shareholders of the Company. Unless otherwise indicated, all figures and comparatives have been restated and disclosed as post-consolidation numbers.

	September 30 2013		December 31 2012	
($ – except share number)	**Number**	**Amount**	**Number**	**Amount**
Common (voting) shares				
Balance, beginning of period	88,658,427	80,886,460	-	-
Issued for cash	-	-	60,841,991	49,398,591
Issued to Legacy on the common-control transaction	-	-	10,000,000	13,000,000
Held by Bowood shareholders on reverse acquisition date	-	-	13,746,669	17,870,670
Issued on the Manyberries Asset Acquisition	-	-	4,069,767	3,011,628
Share issue costs, net of tax	-	(743)	-	(2,394,429)
Balance, end of period	88,658,427	80,885,717	88,658,427	80,886,460
Warrants				
Balance, beginning of period	6,000,000	3,840,000	-	-
Issued for cash	-	-	6,000,000	3,840,000
Balance, end of period	6,000,000	3,840,000	6,000,000	3,840,000
Total share capital and warrants, end of period		**84,725,717**		**84,726,460**

Common Shares and Warrants Issued for Cash

For the three and nine months ended September 30, 2013, no shares or warrants have been issued for cash.

11. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying oil and natural gas assets. The Company considers its capital structure to include shareholder's equity, bank debt and working capital/deficiency, which is defined as current assets less current liabilities. In order to maintain or adjust the capital structure, the Company may from time to time issue shares and adjust its capital spending to manage current and projected debt levels.

The Company monitors capital by maintaining an available credit facility to enable future spending and monitors spending against capital budgets.

The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the next twelve months.

The Company is subject to certain non-financial and financial covenants, including a current assets to current liabilities covenant (Note 8), and is in compliance with all covenants as of September 30, 2013.

12. EARNINGS (LOSS) PER SHARE AMOUNTS

The average market value of the Company's shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the stock options were outstanding. In calculating the weighted average number of diluted common shares outstanding for the three and nine months ended September 30, 2013, the Company excluded all stock options and share warrants outstanding as there was a loss in the periods then ended and these instruments were anti-dilutive.

The following table summarizes the weighted average shares used in calculating earnings (loss) per share:

Earnings (loss) per share calculation:	Three Months Ended September 30 2013	2012	Nine Months Ended September 30 2013	2012
Numerator *($)*				
Net income (loss) for the period	(8,270,280)	10,254,593	(12,551,276)	10,442,354
Denominator *(Number)*				
Weighted average common shares outstanding – Basic	88,658,427	26,887,462	88,658,427	9,027,907
Effect of stock options and share warrants outstanding	-	-	-	-
Weighted average common shares outstanding – Diluted	88,658,427	26,887,462	88,658,427	9,027,907
Earnings (loss) per share *($)*				
Basic	(0.09)	0.38	(0.14)	1.16
Diluted	(0.09)	0.38	(0.14)	1.16

13. SHARE-BASED PAYMENTS AND COMPENSATION PLANS

The following table summarizes the Company's share-based payments relating to its stock options for the three and nine months ended September 30, 2013 and 2012:

($)	Three Months Ended September 30 2013	2012	Nine Months Ended September 30 2013	2012
Share-based payments expensed in net income (loss)	185,997	51,475	514,526	63,876
Share-based payments capitalized to:				
Exploration and evaluation assets	65,539	20,776	191,461	20,776
Total Share-based payments	251,536	72,251	705,987	84,652

Stock Options

The following table sets forth a reconciliation of Stock Option Plan activity through to September 30, 2013:

	Nine Months Ended September 30 2013		Year Ended December 31 2012	
($ – except share number)	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of period	1,886,500	1.17	-	-
Acquired	-	-	621,000	4.23
Granted	1,813,000	0.47	1,865,000	1.08
Forfeited	(145,000)	0.82	(599,500)	4.05
Balance, end of period	3,554,500	0.83	1,886,500	1.17
Exercisable	619,647	1.37	60,000	4.00

During the nine months ended September 30, 2013, the Company granted 1,813,000 stock options at a weighted average fair value of $0.47 per stock option at the grant date using the Black-Scholes pricing model.

The assumptions used in the calculations are:

	Nine Months Ended September 30 2013	Year Ended December 31 2012
Risk-free interest rate (%)	1.2	1.4
Expected life (years)	5.0	5.0
Estimated volatility of underlying common shares (%) (1)	87	103
Expected dividend yield (%)	-	-
Estimated forfeiture rate (%)	10	10

(1) The Company estimates the volatility of each stock option grant based on the Company's one year historical volatility prior to the grant.

14. FINANCIAL INSTRUMENTS

The Company's financial instruments recognized on the condensed interim consolidated statement of financial position consist of cash and cash equivalents, trade and other receivables, trade and other payables and bank debt (Note 8).

Fair Value of Financial Instruments

As at September 30, 2013, cash and cash equivalents and trade and other receivables were classified as loans and receivables and trade and other payables and bank debt were classified as other financial liabilities.

The carrying amount of cash and cash equivalents, trade and other receivables, trade and other payables and bank debt approximate the fair value of the respective assets and liabilities due to the short-term nature of those instruments or the indexed rate of interest on the bank debt.

The Company continuously monitors its trade and other receivables and its allowance for doubtful accounts. As at September 30, 2013 and December 31, 2012, there have been no impairment issues.

The fair values of LGX's financial instruments approximate their carrying amounts due to their short terms to maturity or the indexed rate of interest on the bank debt.

Risks associated with Financial Instruments

Credit risk

The Company may be exposed to certain losses in the event that counterparties to financial instruments fail to meet their obligations in accordance with agreed terms. The Company mitigates this risk by entering into transactions with highly rated major financial institutions and by routinely assessing the financial strength of its customers.

At September 30, 2013 and December 31, 2012, financial assets on the consolidated statement of financial position are comprised of cash and cash equivalents and trade and other receivables and the maximum credit risk associated with these financial instruments is the total carrying value.

Cash equivalents include short-term deposits placed with financial institutions with strong investment grade ratings. The Company's trade and other receivables are with customers and joint venture partners in the petroleum and natural gas business and are subject to normal credit risks. Concentration of credit risk is mitigated by marketing production to numerous purchasers under normal industry sale and payment terms. As is common in the petroleum and natural gas industry in western Canada, receivables relating to the sale of petroleum and natural gas are received on or about the 25th day of the following month. Of the $4,254,174 of trade and other receivables outstanding as at September 30, 2013 (December 31, 2012 – $4,303,845), $1,900,722 related to the sale of petroleum and natural gas and was received October 25, 2013 (December 31, 2012 – $2,619,731 and was received January 25, 2013). The accounts receivable balance includes $1,748,467 from joint venture partners relating to the recovery of their interest in operating costs and capital spent (December 31, 2012 - $517,401). At September 30, 2013, the largest amount owing from one partner was $860,174. As the operator of properties, LGX has the ability to not allocate production to joint venture partners who are in default of amounts owing.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures. To facilitate the funding of the capital expenditure program, the Company has a credit facility, as outlined in Note 8.

LGX's financial liabilities on the statement of financial position consist of accounts payable and bank debt.

The Company expects to satisfy obligations under accounts payable in less than one year. LGX has a credit facility as outlined in Note 8. The credit facility is a $25,000,000 revolving demand 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. The credit facility is formally reviewed by the bank annually.

The following are the contractual maturities of financial liabilities at September 30, 2013:

($)	< 1 Year	1-3 Years	3-5 Years	Thereafter	Total
Bank debt	6,150,000	-	-	-	6,150,000
Accounts payable and accrued liabilities	7,358,881	-	-	-	7,358,881
	13,508,881	-	-	-	13,508,881

Market risk

Market risk is comprised of currency risk, interest rate risk and other price risks which consist primarily of fluctuations in petroleum and natural gas prices. The valuation of the financial assets and liabilities on the consolidated statement of financial position as at September 30, 2013 has not been significantly impacted by changes in currency rates. Currency rates influence petroleum and natural gas prices; however, this influence on commodity prices and the resulting impact on financial assets and liabilities cannot be accurately quantified.

Currency risk

The Company is exposed to currency risk in relation to its United States dollar denominated working capital balances or deficits held in Canada. From time to time, the Company may enter into agreements to fix the exchange rate of Canadian to the United States dollar in order to offset the risk of fluctuating working capital balances if the Canadian dollar increases or decreases in value compared to the United States dollar. However, the Company has chosen not to enter into any foreign exchange contracts as its United States dollar denominated working capital balances are not deemed significant to the consolidated LGX entity.

Interest rate risk

The Company is exposed to interest rate risk to the extent that changes in market interest rates will impact any bank indebtedness that has a floating interest rate, potentially affecting future cash flows. As a means to mitigating exposure to interest rate risk, the Company has the ability to enter into interest rate swap agreements.

For the nine months ended September 30, 2013, LGX's net income (loss) before income taxes would have fluctuated by approximately $49,750 for each 1% change in interest rates (September 2012 - $4,500).

Commodity price risk

The Company may be exposed to commodity price risk arising from the effect that fluctuations of future commodity prices may have on the fair value or future cash flows of financial assets and liabilities. From time to time, LGX may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, LGX will not benefit from such increases. The use of such agreements is governed under formal policies and is subject to limits established by the Board of Directors. The Company's policy is to not use derivative financial instruments for speculative purposes. The Company has not entered into any financial derivative contracts as at September 30, 2013 or December 31, 2012.

15. SUPPLEMENTAL CASH FLOW INFORMATION

The following table reconciles the changes in non-cash working capital as disclosed in the consolidated statement of cash flows:

	Three Months Ended September 30		Nine Months Ended September 30	
($)	2013	2012	2013	2012
Cash flow from operating activities				
Net change in non-cash working capital:				
Trade and other receivables	537,271	3,840,514	1,033,304	3,846,596
Trade and other payables	314,742	(7,815,176)	(5,089,149)	(7,799,823)
Operating activities' net change in non-cash working capital	852,013	(3,974,662)	(4,055,845)	(3,953,227)

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The following table reconciles capital expenditures on property, plant and equipment and exploration and evaluation assets as disclosed in the consolidated statement of cash flows:

	Three Months Ended September 30		**Nine Months Ended September 30**	
($)	**2013**	**2012**	**2013**	**2012**
Additions to property, plant and equipment (PP&E) *(Note 7)*	(249,337)	(3,522)	(450,565)	(3,522)
Additions to exploration and evaluation assets (E&E) *(Note 6)*	(1,447,491)	(1,407,474)	(2,088,339)	(2,553,195)
Total PP&E and E&E additions	(1,696,828)	(1,410,996)	(2,538,904)	(2,556,717)
Net change in non-cash working capital relating to:				
Trade and other receivables	(718,046)	(3,807,910)	(984,852)	(325,818)
Trade and other payables	32,910	6,955,966	(622,385)	17,537
Capital expenditures on property, plant and equipment and exploration and evaluation assets	(2,381,964)	1,737,060	(4,146,141)	(2,864,998)

Other cash flow information:

	Three Months Ended September 30		**Nine Months Ended September 30**	
($)	**2013**	**2012**	**2013**	**2012**
Interest paid	(144,410)	(17,748)	(241,758)	(17,748)

16. 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.

17. COMMITMENTS AND CONTINGENCIES

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 (Note 16). The agreement will continue until terminated by either party with 90 days' notice.

CORPORATE INFORMATION

OFFICERS

Trent J. Yanko
President + Chief Executive Officer

Matt Janisch
Vice President, Finance + Chief Financial Officer

Curtis Labelle
Vice President, Production

Dale Mennis
Vice President, Land

Mark Oliver
Vice President, Exploration

William Wee
Vice President, Operations

Curt Ziemer
Vice President, Accounting

Mark Franko
Corporate Secretary

DIRECTORS

James Pasieka
Chairman

Chris Bloomer (1)(2)

Daryl Gilbert (1)(2)

Jim Welykochy (1)(2)

Trent J. Yanko

(1) Member of Audit Committee
(2) Member of Reserves Committee

HEAD OFFICE
LGX Oil + Gas Inc.
4400, Eighth Avenue Place
525 - 8th Avenue, SW
Calgary, AB   T2P 1G1

Phone: 403.441.2300
Fax: 403.441.2017

E-mail: info@lgxoil.com
Web: www.lgxoil.com

AUDITORS
PricewaterhouseCoopers LLP
Calgary, AB

ENGINEERS
GLJ Petroleum Consultants Ltd.
Calgary, AB

BANKERS
National Bank of Canada
Canadian Western Bank

LEGAL COUNSEL
McCarthy Tétrault LLP
Calgary, AB

REGISTRAR + TRANSFER AGENT
Olympia Trust Company
2300, 125 – 9th Ave SE
Calgary, AB T2G 0P6
Tel: 403.261.0900

STOCK EXCHANGE LISTING
TSX Venture Exchange (“TSX-V”)
Trading Symbol: OIL