

Q1

For the period ended
March 31, 2013

LGX OIL+GAS INC.

MANAGEMENT'S DISCUSSION + ANALYSIS

The following management discussion and analysis ("MD&A"), as provided by the management of LGX Oil + Gas Inc. ("LGX" or the "Company") (formerly known as Bowood Energy Inc.) of the financial condition and performance of LGX for the three months ended March 31, 2013, as described below, as of May 13, 2013, is to be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes for the period ended March 31, 2013, the audited consolidated financial statements and related notes for the year ended December 31, 2012 and the unaudited interim financial statements and related notes of Legacy Oil + Gas Inc.'s Southern Alberta Assets ("SA Assets") for the three months ended March 31, 2012. 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"). All tabular amounts are stated in 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 months ended March 31, 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 (LGX/SA Assets subsequent to the reverse acquisition). The LGX AIF is available on the Company's profile at www.sedar.com.

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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. 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 whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of earnings per share.

Funds generated by operations is calculated based on cash flow from operating activities before changes in non-cash working capital and transaction costs. Funds generated by operations per share-diluted is calculated based on cash flow from operating activities before changes in non-cash working capital from operating activities and transaction costs. Funds generated by (used in) 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:

(\$)	Three Months Ended March 31		
	2013	2012	% change
Cash flow from (utilized through) operating activities	(3,426,800)	131,980	(2,696)
Transaction costs	35,700	-	n/a
Changes in non-cash working capital	4,506,749	36,636	12,201
Funds generated by operations	1,115,649	168,616	562

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.

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, anticipated royalty rates, 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.

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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 March 31		% change
	2013	2012	
Daily Production			
Crude oil and natural gas liquids (Bbls per day)	612	38	1,511
Natural gas (Mcf per day)	1,806	-	n/a
Total (Boe per day)	913	38	2,303

For the three months ended March 31, 2013, LGX's production was 913 Boe per day as compared to 38 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 Q4 2012 and the reverse takeover of former Bowood properties as compared to the production of the SA Assets for the same period in 2012. Crude oil and natural gas liquids production for the three months ended March 31, 2013 was 612 Bbls per day while natural gas production was 1,806 Mcf per day.

Realized Commodity Prices

	Three Months Ended March 31		% change
	2013	2012	
Daily Average Benchmark Prices			
Crude oil – WTI (US\$ per Bbl)	94.34	102.94	(8)
Crude oil – WTI (\$ per Bbl)	95.15	103.07	(8)
Crude oil – Edmonton Par (\$ per Bbl)	88.66	92.77	(4)
Natural gas – AECO-C Spot (\$ per Mcf)	3.08	2.59	19
Exchange rate – (US/CAD)	0.991	0.999	(1)
LGX's average realized prices			
Crude oil and natural gas liquids (\$ per Bbl)	75.54	91.61	(18)
Natural gas (\$ per Mcf)	2.95	n/a	n/a
Barrels of oil equivalent (\$ per Boe)	56.47	91.61	(38)

Realized crude oil and natural gas liquids prices decreased 18 percent for the three months ended March 31, 2013 as compared to the same period in 2012.

LGX's realized price for its crude oil and natural gas liquids sales in the first quarter of 2013 was \$75.54 per Bbl (2012 – \$91.61) compared to a WTI price of Canadian \$95.15 per Bbl (2012 - \$103.07 per Bbl). LGX's oil production is light sweet crude produced in southern Alberta.

For the first quarter of 2013, the Company's realized price for its natural gas was \$2.95 per Mcf (2012 – n/a).

MANAGEMENT'S DISCUSSION + ANALYSIS

Revenue

(\$, except per Boe and percent amounts)	Three Months Ended March 31		% change
	2013	2012	
Petroleum and natural gas sales by product			
Crude oil and natural gas liquids	4,160,612	319,477	1,202
Natural gas	479,914	-	n/a
Total petroleum and natural gas sales	4,640,526	319,477	1,353
\$ per Boe	56.47	91.61	(39)
Royalties			
Royalty expenses	749,386	29,490	2,441
\$ per Boe	9.12	8.46	8
% of petroleum and natural gas sales	16.1	9.2	75
Revenue			
Petroleum and natural gas sales, net of royalties	3,891,140	289,987	1,242
\$ per Boe	47.35	83.15	(43)

For the three months ended March 31, 2013, LGX's petroleum and natural gas sales were \$4,640,526 as compared to \$319,477 for the three months ended March 31, 2012. The increase for the three months ended March 31, 2013 can be attributed to higher production volumes in the current quarter.

Royalty expenses consist of royalties paid to provincial governments, freehold landowners and overriding royalty owners. For the three months ended March 31, 2013, total royalties were \$749,386 as compared to \$29,490 for the three months ended March 31, 2012. The increase is attributable to the increase in revenues discussed above. The Company's average royalty rate for the three months ended March 31, 2013 was 16.1 percent as compared to 9.2 percent in 2012. Royalties are calculated and paid based on commodity revenue, net of associated transportation costs, well productivity and before any commodity hedging gains or losses.

The Company expects the average royalty rate to stay within the 16 percent range in 2013 as royalties on the Manyberries properties are higher than those historically shown in historical LGX properties.

Operating and Transportation Expenses

(\$, except per Boe amounts)	Three Months Ended March 31		% change
	2013	2012	
Operating expenses	1,788,845	107,174	1,569
\$ per Boe	21.77	30.73	(29)
Transportation expenses	165,631	8,318	1,891
\$ per Boe	2.02	2.39	(15)
Total operating costs	1,954,476	115,492	1,592
\$ per Boe	23.79	33.12	(28)

Total operating costs during the first quarter of 2013 were \$1,954,476, a 1,592 percent increase, compared to \$115,492 during the same period in 2012. The increase in total operating costs is attributable to increased production volumes as compared to SA Assets production for the same period in the prior year. On a per Boe basis, operating expenses for the three months ended March 31, 2013 were \$21.77 (2012 - \$30.73). On a per Boe basis, transportation expenses for the three months ended March 31, 2013 were \$2.02 (2012 - \$2.39). Total operating costs (including operating and transportation expenses) on a per Boe basis were \$23.79 (2012 - \$33.12).

Exploration and Evaluation Expenses

During the three months ended March 31, 2013, the Company recorded \$455,896 of exploration and evaluation expenses compared to \$nil in the three months ended March 31, 2012. The exploration and evaluation expenses in 2013 are largely attributable to land expiries in the current year.

Depletion and Depreciation

For the three month period ended March 31, 2013, depletion and depreciation expense was \$1,909,271 (2012 - \$nil). On a per Boe basis, depletion and depreciation for the first quarter of 2013 was \$23.24 (2012 - n/a).

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Share-based Payments

For the three months ended March 31, 2013, the Company expensed \$152,179 in share-based payments related to outstanding stock options compared to \$6,983 for the same period in the prior year. This increase is primarily due to new stock options granted in the last six months of 2012, no new stock options were issued in first three months of 2013.

General and Administrative Expenses

(\$, except per Boe amounts)	Three Months Ended March 31		% change
	2013	2012	
General and administrative expenses	708,529	5,879	11,952
Recoveries	(1,343)	-	n/a
Capitalized general and administrative expenses	(75,150)	-	n/a
Total net general and administrative expenses	632,036	5,879	10,651
\$ per Boe	7.69	1.70	352

During the first quarter of 2013, net general and administrative expenses ("G&A") increased 10,651 percent to \$632,036 compared to \$5,879 in the same period in 2012. On a per Boe basis, the G&A expense was \$7.69 per Boe for the three months ended March 31, 2013 (2012 - \$1.70). Net G&A for the quarter was comprised of \$708,529 (2012 - \$5,879) in general and administrative expenses less \$1,343 (2012 - \$nil) in recoveries and \$75,150 (2012 - \$nil) in capitalized G&A.

Finance Costs

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

During the first quarter of 2013, interest and finance charges increased 6,960 percent to \$237,937 compared to \$3,370 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 as well as an increase in accretion expense. During the first quarter of 2013, accretion on decommissioning liabilities was \$157,754 (2012 - \$3,370).

Other Expenses and Other Loss (Income)

For the three months ended March 31, 2013, the Company incurred transaction costs of \$35,700 (2012 - \$nil). These costs relate to additional transactions costs from prior period business combinations.

Income Taxes

A deferred income tax recovery of \$332,730 was recorded for the three months ended March 31, 2013, resulting in an effective deferred income tax recovery rate of 22 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). No deferred income tax expense or recovery was recorded in the same period of the prior year.

Net Income (Loss) and Funds Generated by Operations

For the quarter ended March 31, 2013, a net loss of \$1,153,625 was realized compared to net income of \$158,263 during the same period in 2012. Basic and diluted net loss per share for the first quarter of 2013 was \$0.01. Funds generated by operations increased 562 percent to \$1,115,649 for the three months ended March 31, 2013, compared to \$168,616 during the same period in 2012. Basic and diluted funds generated by operations per share for the first quarter of 2013 were \$0.01.

MANAGEMENT'S DISCUSSION + ANALYSIS

The following table summarizes the netbacks on a per Boe basis for the three months ended March 31, 2013 and 2012:

(\$ per Boe)	Three Months Ended March 31		% change
	2013	2012	
Petroleum and natural gas sales	56.47	91.61	(38)
Royalties	(9.12)	(8.46)	8
Revenue	47.35	83.15	(43)
Operating expenses	(21.77)	(30.73)	(29)
Transportation expenses	(2.02)	(2.39)	(15)
Operating netback	23.56	50.03	(53)
Exploration and evaluation expenses (cash portion)	(1.31)	-	n/a
General and administrative expenses	(7.69)	(1.70)	352
Financing costs – Interest expense and finance charges	(0.98)	-	n/a
Funds generated by operations	13.58	48.33	(72)

SUMMARY OF QUARTERLY RESULTS

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

	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2
Financial								
(\$, except per share amounts)								
Petroleum and natural gas sales	4,640,526	3,322,070	1,050,641	125,412	319,477	104,061	-	-
Petroleum and natural gas sales, net of royalties	3,891,140	2,775,518	864,621	116,196	289,987	87,925	-	-
Funds generated by operations	1,115,649	463,043	(345,347)	38,286	168,616	26,966	(15,028)	(19,823)
- Per share basic	0.01	0.01	(0.01)	-	-	-	-	-
- Per share diluted	0.01	0.01	(0.01)	-	-	-	-	-
Net Income (Loss)	(1,153,625)	(7,023,085)	10,254,593	29,498	158,263	(66,089)	(100,863)	(1,035,290)
- Per share basic	(0.01)	(0.11)	0.38	-	-	-	-	-
- Per share diluted	(0.01)	(0.11)	0.38	-	-	-	-	-
Capital expenditures (excluding acquisitions)	480,220	7,379,378	1,418,395	35,446	1,110,275	6,061,593	7,629,923	7,744,402
Net acquisitions (cash consideration)	-	42,378,028	-	-	-	-	-	-
Net debt and working capital surplus (deficit)	(9,307,723)	(9,906,927)	(5,043,920)	(32,065)	(561,482)	(3,466,967)	(3,796,297)	(4,267,392)
Total Assets	147,121,183	148,469,817	76,967,098	36,451,424	36,632,345	38,803,877	30,717,196	21,723,144
Operating								
Production								
- Crude oil and natural gas liquids (Bbls per day)	612	430	95	16	38	12	-	-
- Natural gas (Mcf per day)	1,806	1,528	1,939	-	-	-	-	-
- Total daily production (Boe per day)	913	685	418	16	38	12	-	-
- Increase/(Decrease) over prior quarter	33%	64%	2,513%	(58%)	217%	n/a	n/a	n/a
Average realized price								
- Crude oil and natural gas liquids (\$ per Bbl)	75.54	72.18	75.46	86.55	91.61	94.26	n/a	n/a
- Natural gas (\$ per Mcf)	2.95	3.32	2.19	n/a	n/a	n/a	n/a	n/a
- Barrels of oil equivalent (\$ per Boe)	56.47	52.71	27.32	86.55	91.61	94.26	n/a	n/a
Netback (\$ per Boe)								
- Petroleum and natural gas sales	56.47	52.71	27.33	86.55	91.61	94.26	n/a	n/a
- Royalties	9.12	8.67	4.84	6.36	8.46	14.62	n/a	n/a
- Operating expenses	21.77	22.41	12.06	47.12	30.73	42.48	n/a	n/a
- Transportation expenses	2.02	2.19	1.11	2.02	2.39	3.11	n/a	n/a
- Operating netback	23.56	19.44	9.32	31.05	50.03	34.05	n/a	n/a

MANAGEMENT'S DISCUSSION + ANALYSIS

SUMMARY OF HISTORICAL QUARTERLY RESULTS of LGX/BOWOOD

The chart below summarizes the first 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 five quarters prior to the common-control transaction and reverse acquisition at July 5, 2012.

	2013 Q1	2012 Q4	2012 Q3	Bowood results prior to the reverse acquisition				
				2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2
Financial								
(\$, except per share amounts)								
Petroleum and natural gas sales	4,640,526	3,322,070	1,050,641	1,155,040	1,551,799	1,855,678	1,575,360	1,332,199
Petroleum and natural gas sales, net of royalties	3,891,140	2,775,518	864,621	947,368	1,250,154	1,692,935	1,449,765	1,242,842
Funds generated by operations	1,115,649	463,043	(345,347)	(447,380)	141,236	294,684	292,563	104,949
- Per share basic	0.01	0.01	(0.01)	(0.03)	0.01	0.02	0.02	0.01
- Per share diluted	0.01	0.01	(0.01)	(0.03)	0.01	0.02	0.02	0.01
Net Income (Loss)	(1,153,625)	(7,023,085)	10,254,593	(1,565,810)	(822,455)	(12,276,692)	(1,213,387)	134,238
- Per share basic	(0.01)	(0.11)	0.38	(0.11)	(0.06)	(0.89)	(0.09)	0.01
- Per share diluted	(0.01)	(0.11)	0.38	(0.11)	(0.06)	(0.89)	(0.09)	0.01
Capital expenditures (excluding acquisitions)	480,220	7,379,378	1,418,395	182,828	356,457	2,159,483	4,759,425	2,878,030
Net debt and working capital surplus (deficit)	(9,307,723)	(9,906,927)	(5,043,920)	(5,125,595)	(4,500,560)	(4,280,792)	(2,147,171)	2,318,300
Total Assets	147,121,183	148,469,817	76,967,098	43,228,188	44,950,952	45,126,885	59,273,426	59,713,837
Operating								
Production								
- Crude oil and natural gas liquids (Bbls per day)	612	430	95	108	131	115	88	55
- Natural gas (Mcf per day)	1,806	1,528	1,939	2,260	2,600	2,905	2,753	2,258
- Total daily production (Boe per day)	913	685	418	485	564	600	547	431
- Increase/(Decrease) over prior quarter	33%	64%	(14%)	(14%)	(6%)	10%	27%	(12%)
Average realized price								
- Crude oil and natural gas liquids (\$ per Bbl)	75.54	72.18	75.46	76.34	86.03	91.19	77.41	96.51
- Natural gas (\$ per Mcf)	2.95	3.32	2.19	1.97	2.22	3.33	3.75	4.13
- Barrels of oil equivalent (\$ per Boe)	56.47	52.71	27.32	26.17	30.24	33.62	31.30	33.97
Netback (\$ per Boe)								
- Petroleum and natural gas sales	56.47	52.71	27.33	26.17	30.24	33.62	31.30	33.97
- Royalties	9.12	8.67	4.84	4.71	5.87	2.95	2.50	2.28
- Operating expenses	21.77	22.41	12.06	12.95	11.09	12.63	13.52	14.76
- Transportation expenses	2.02	2.19	1.11	n/a	n/a	n/a	n/a	n/a
- Operating netback	23.56	19.44	9.32	8.51	13.28	18.04	15.28	16.93

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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 March 31		% change
	2013	2012	
Property, plant and equipment additions	5,796	-	n/a
Exploration and evaluation asset additions	474,424	1,110,275	(57)
Total capital expenditures excluding acquisitions	480,220	1,110,275	(57)
Net acquisitions (cash portion)	-	-	n/a
Total capital expenditures including net acquisitions (cash portion)	480,220	1,110,275	(57)

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

(\$)	Three Months Ended March 31		% change
	2013	2012	
Land acquisitions and retention	33,219	17,778	87
Geological and geophysical	335,227	11,518	2,810
Drilling and completions	(56,765)	1,014,484	(106)
Equipping and facilities	93,389	66,495	40
Capitalized general and administrative expenses	75,150	-	n/a
Total capital expenditures excluding acquisitions	480,220	1,110,275	(57)

CAPITALIZATION AND CAPITAL RESOURCES

Share Capital

	Three Months Ended March 31	
	2013	2012
Outstanding Common Shares		
Weighted average Common Shares outstanding ⁽¹⁾		
- Basic	88,658,427	n/a
- Diluted	88,658,427	n/a

	March 31 2013
Outstanding Securities	
- Common Shares	88,658,427
- Common Share Warrants	6,000,000
- Common Share Options	1,881,500

⁽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 March 31, 2013 was \$42,556,045.

	March 31 2013
Common Shares Outstanding	88,658,427
Share Price ⁽²⁾	\$0.48
Total Market Capitalization	\$42,556,045

⁽²⁾ Represents the closing price on the TSX Venture Exchange ("TSX-V") at March 31, 2013

There is a significant difference between the Company's net assets and market capitalization as at March 31, 2013. Management believes that the market capitalization of the Company continues to be dominated by external factors such as overall market confidence, Eurozone debt concerns and global liquidity issues.

As at May 13, 2013, the Company had 88,658,427 common shares outstanding.

MANAGEMENT'S DISCUSSION + ANALYSIS

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 March 31, 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 March 31, 2013, \$5,000,000 had been drawn on the Company's production facility and \$1,400,000 on the Company's operating line (2012 - \$nil). 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 of not less than 1.0:1.0. At March 31, 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 March 31 2013	As at December 31 2012
Capital resources		
Bank debt available	18,600,000	23,150,000
Working capital (deficit)	(2,907,723)	(8,056,927)
Total capital resources available	15,692,277	15,093,073

ACCOUNTING POLICIES AND ESTIMATES

The unaudited condensed interim consolidated financial statements for the three months ended March 31, 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 unaudited condensed interim consolidated financial statements and for income taxes. Income taxes on income (loss) 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.

MANAGEMENT'S DISCUSSION + ANALYSIS

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 March 31, 2013, a total of 88,658,427 common shares were issued and outstanding. In addition, a total of 1,881,500 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 \$526,050 during the three months ended March 31, 2013 (2012 - \$nil) of which \$350,700 was payable as at March 31, 2013 (December 31, 2012 - \$1,052,100). In relation to capital and operations activity, the Company has a net trade payable to Legacy of \$2,332,297 as at March 31, 2013 (December 31, 2012 - \$2,959,614), which includes the management fee discussed above.

The Company incurred fees of \$41,126 for corporate and legal services rendered by a law firm for the quarter ended March 31, 2013 of which \$35,804 was payable at March 31, 2013 (2012 - \$nil). A board member and the Corporate Secretary are partners of the firm. These fees were incurred in the normal course of business under the same terms and conditions as transactions with unrelated companies.

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

COMMITMENTS AND CONTINGENCIES

Drilling commitments

The Company is committed to drill a minimum of 2 vertical 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.

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.

EVENTS AFTER THE REPORTING PERIOD

On April 26, 2013, the Company announced that it had granted a total of 1,813,000 stock options to directors, officers, employees and consultants of the Company pursuant to the Company's Stock Option Plan. The stock options are exercisable at a price of \$0.47 per share. The options have a five-year term and vest as to one third each year following the date of grant.

On May 1, 2013, the Company's syndicate of Canadian banks agreed to reaffirm the Company's borrowing base at \$25 million (including the \$5 million acquisition line). As well, the term-out date for the facility was extended to April 30, 2014. The borrowing base continues to be subject to periodic review.

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.