



INFORMATION CIRCULAR

FOR THE ANNUAL GENERAL AND SPECIAL MEETING

OF THE HOLDERS OF COMMON SHARES TO BE HELD ON MAY 28, 2013

THIS MANAGEMENT INFORMATION CIRCULAR (the "**Circular**") IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY OR ON BEHALF OF THE MANAGEMENT OF LGX OIL + GAS INC. ("**LGX**" or the "**Corporation**") for use at the Annual General and Special Meeting of the holders (the "**Shareholders**") of common shares (the "**Shares**") of the Corporation to be held in the McMurray Room of The Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta at 3:00 p.m. (Calgary time) on Tuesday, May 28, 2013 and any adjournment or adjournments thereof (the "**Meeting**") for the purposes set forth in the accompanying Notice of Meeting. Information contained in this Circular is given as at April 23, 2013 unless otherwise stated.

SOLICITATION OF PROXIES

Management of the Corporation is soliciting proxies from Shareholders for the Meeting. In addition to solicitation by mail, proxies may be solicited by personal interview, telephone or other means of communication and by directors, officers and employees of the Corporation, who will not be specifically remunerated therefore. Solicitation of proxies by management will be primarily by mail, but may also be in person or by telephone. The cost of solicitation will be borne by the Corporation.

RECORD DATE

April 23, 2013 is the record date for the Meeting. Only registered Shareholders at the close of business on the record date are entitled to notice of the Meeting and to vote thereat.

APPOINTMENT AND REVOCATION OF PROXIES

Registered Shareholders may vote in person at the Meeting or they may appoint another person, who does not have to be a Shareholder, as their proxy to attend and vote in their place. The persons named in the enclosed form of proxy are the President and Chief Executive Officer and the Vice-President, Finance and Chief Financial Officer of the Corporation.

A SHAREHOLDER SUBMITTING A PROXY HAS THE RIGHT TO APPOINT A PERSON OR COMPANY TO REPRESENT HIM OR HER AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE FORM OF PROXY FURNISHED BY THE CORPORATION. TO EXERCISE THIS RIGHT, THE SHAREHOLDER SHOULD INSERT THE NAME OF THE DESIRED REPRESENTATIVE IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND STRIKE OUT THE OTHER NAMES OR SUBMIT ANOTHER APPROPRIATE PROXY.

In order to be effective, the proxy must be mailed so as to be deposited at the office of the Corporation's transfer agent, Olympia Trust Company, 2300, 125 - 9th Avenue S.E., Calgary, Alberta, T2G 0P6, before 4:00 p.m. (Calgary time) on Friday, May 24, 2013 or, if the Meeting is adjourned, at least 48 hours prior to the time that the Meeting is reconvened. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date of its execution. The instrument appointing a proxy shall be in writing under the hand of the Shareholder or his attorney, or, if such Shareholder is a corporation, under its corporate seal, and executed by a director, officer or attorney thereof duly authorized.

A Shareholder who has submitted a proxy may revoke it by instrument in writing executed by the Shareholder or his attorney authorized in writing, or, if the Shareholder is a corporation, under its corporate seal and executed by a director, officer or attorney thereof duly authorized, and deposited either at the office of the Corporation's transfer agent, Olympia Trust Company, 2300, 9th Avenue S.E., Calgary, Alberta, T2G 0P6, at any time prior to 4:30 p.m. (Calgary time) on the last business day preceding the day of the Meeting or with the chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting, and upon such deposit the previous proxy is revoked.

EXERCISE OF DISCRETION BY PROXY HOLDERS

All Shares represented at the Meeting by properly executed proxies will be voted. Where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy the Shares represented by the proxy will be voted or withheld from being voted in accordance with such specification. **IN THE ABSENCE OF SUCH SPECIFICATION, SUCH SHARES WILL BE VOTED "FOR" ALL OF THE MATTERS SET FORTH IN THE CIRCULAR.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of printing of the Circular, management of the Corporation knows of no such amendment, variation or other matter.

ADVICE TO BENEFICIAL HOLDERS OF SECURITIES

The information set forth in this section is of significant importance to many Shareholders of the Corporation, as a substantial number of the Shareholders of the Corporation do not hold Shares in their own name.

Shareholders who do not hold their Shares in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Shares can be recognized and acted upon at the Meeting. If Shares are held in an account with an intermediary, such as a broker or financial institution, then in almost all cases those Shares will not be registered in the Beneficial Shareholder's name on the records of the Corporation. Such Shares will more likely be registered under the name of the intermediary or its agent. In Canada, the vast majority of

such Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Such Shares can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions the intermediary and its agents and nominees are prohibited from voting such Shares. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Shares are communicated to the appropriate person.**

Applicable regulatory policy requires intermediaries to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the applicable meeting. The form of proxy supplied to a Beneficial Shareholder by its broker or other intermediary or agent is similar to the form of proxy provided to registered Shareholders by the Corporation. However, its purpose is limited to instructing the registered Shareholder (the broker or other intermediary or agent) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically asks Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the applicable meeting. **A Beneficial Shareholder receiving a Broadridge proxy cannot use that proxy to vote Shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the Shares voted.**

VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES

The Corporation is authorized to issue an unlimited number of Shares. As at April 23, 2013, there were **88,658,427** Shares issued and outstanding. Holders of Shares are entitled to one vote for each Share held.

To the best of the knowledge of the directors and officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Shares, other than as set out below:

Name of Shareholder	Number of Shares Beneficially Owned, or over which Control or Direction is Exercised, Directly or Indirectly	Percentage of Shares Beneficially Owned, or over which Control or Direction is Exercised, Directly or Indirectly
Legacy Oil + Gas Ltd.	16,000,000	18.05%
Raymond James Ltd. ⁽¹⁾	9,729,750	10.97%

(1) The information as to Shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Corporation, has been furnished by the Shareholder.

NOTE ON SHARE REFERENCES

The common shares of the Corporation were consolidated on a 20 to 1 basis on August 20, 2012. References in this Circular to Shares are on a post-consolidated basis. References in this Circular to Pre-Consolidation Shares refer to the common shares prior to the consolidation. Readers should divide any referenced number of Pre-Consolidation Shares or options to acquire Pre-Consolidation Shares by 20 to arrive at the equivalent number of Shares or options to acquire Shares. Readers should multiply the issuance price of any Pre-Consolidation Shares or exercise price of options to acquire Pre-Consolidation Shares by 20 to arrive at the equivalent issuance price or exercise price for Shares or options to acquire Shares.

APPROVAL REQUIREMENTS

Unless otherwise indicated, all of the matters to be considered at the Meeting are ordinary resolutions requiring approval by more than 50% of the votes cast in respect of the resolution by or on behalf of Shareholders present in person or represented by proxy at the Meeting. The resolution for approval of the proposed continuance of LGX from the federal jurisdiction into the jurisdiction of Alberta is a special resolution which requires the approval of no less than 66 2/3% of the votes cast by shareholders present in person or represented by proxy at the Meeting.

MATTERS TO BE ACTED UPON AT THE MEETING

The following are the matters to be acted upon at the Meeting:

Item 1 – Fixing the Number of Directors

The Shareholders will be asked to consider a resolution fixing the number of directors to be elected at the Meeting. Management proposes that the number of directors to be elected at the Meeting be set at four (4). There are presently five (5) directors of the Corporation, each of whom retires from office at the Meeting. Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of setting the number of directors to be elected at the Meeting at four (4).

Item 2 - Election of Directors

The Shareholders will be asked to consider a resolution electing the directors of the Corporation to hold office until the next annual meeting of Shareholders. The following table provides the names and cities of residence of all persons proposed to be nominated by management for election as directors, the position each currently holds with the Corporation, the principal occupations of such persons for the prior five years, the date on which each became a director of the Corporation and the number of Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by each as at April 23, 2013. Each director elected will hold office until the next annual meeting of the Shareholders of the Corporation or until his successor is duly elected or appointed, unless his office be earlier vacated in accordance with the Corporation's articles or by-laws. Neil Roszell, a current director of LGX, has declined to stand for re-election at the Meeting.

<u>Name, Province and Country of Residence</u>	<u>Date of Initial Appointment or Election</u>	<u>Principal Occupation During Previous Five Years</u>	<u>Shares Beneficially Owned, Controlled or Directed</u>
Trent Yanko Calgary, Alberta	July 5, 2012	President and Chief Executive Officer of the Corporation since July 2012. President and Chief Executive Officer of Legacy Oil + Gas Ltd. since July 2009. President and Chief Executive Officer of Mission Oil & Gas Inc., a publicly traded oil and natural gas company, from January 2006 until its acquisition by Crescent Point Energy Trust in February 2007.	1,000,000 Shares
James Pasieka Calgary, Alberta	July 5, 2012	Chairman of the Board of Directors. Partner of the national law firm Heenan Blaikie LLP since 2001.	200,000 Shares
Chris Bloomer ⁽¹⁾⁽²⁾ Calgary, Alberta	December 22, 2009	Chief Executive Officer of Connacher Oil and Gas Limited since April 2013. Senior Vice-President and Chief Operating Officer of the Heavy Oil Business Unit as well as a director of Petrobank Energy and Resources Ltd., a publicly traded oil company, from May, 2007 until 2013.	157,500 Shares

Name, Province and Country of Residence	Date of Initial Appointment or Election	Principal Occupation During Previous Five Years	Shares Beneficially Owned, Controlled or Directed
Jim Welykochy ⁽¹⁾⁽²⁾ Okotoks, Alberta	December 22, 2009	Self employed financial consultant to the oil and natural gas industry capital markets. Prior thereto, Vice-President, Corporate Development and director of Ryland Oil Corporation from August, 2008 until its acquisition by Crescent Point Energy Corp. in August, 2010.	50,000 Shares

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Reserves Committee.

Regulatory Matters and Bankruptcies and Insolvencies

Other than as set out below, to the knowledge of management of the Corporation, no proposed director of the Corporation is, or within the 10 years before the date of this Circular has been, a director, chief executive officer or chief financial officer of any other issuer that: (a) was the subject of a cease trade or similar order or an order that denied the other issuer access to any exemptions under Canadian securities legislation that lasted for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation that lasted for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer.

Mr. Chris Bloomer was a director of Canadian Energy Exploration Inc. ("**CEE**") (formerly TALON International Energy, Ltd.), a reporting issuer listed on the Exchange, until his resignation on September 15, 2011. A cease trade order (the "**ASC Order**") was issued on May 7, 2008 against CEE by the Alberta Securities Commission (the "**ASC**") for the delayed filing of CEE's audited annual financial statements and management's discussion and analysis for the year ended December 31, 2007 ("**Annual Filings**"). The Annual Filings were filed by CEE on SEDAR on May 8, 2008. As a result of the ASC Order, the Exchange suspended trading in CEE's shares on May 7, 2008. In addition, on June 4, 2009 the British Columbia Securities Commission ("**BCSC**") issued a cease trade order (the "**BCSC Order**") against CEE for the failure of CEE to file its audited annual financial statements and management's discussion and analysis for the year ended December 31, 2008 and its unaudited interim financial statements and management's discussion and analysis for the three months ended March 31, 2009. CEE made application to the ASC and BCSC for revocation of the ASC Order and BCSC Order. The ASC and BCSC have issued revocation orders dated October 14, 2009 and November 30, 2009, respectively, granting full revocation of compliance-related cease trade orders issued by the ASC and the BCSC in respect of CEE.

To the knowledge of management of the Corporation, no proposed director of the Corporation: (a) is, at the date of this Circular or has been within the 10 years before the date of this Circular, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

To the knowledge of management of the Corporation, no proposed director of the Corporation has: (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with the Canadian securities regulatory authority; or (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

It is the intention of the management designees, if named as proxy, to vote for the election of the above mentioned persons to the board of directors of the Corporation (the "**Board of Directors**" or the "**Board**") unless otherwise directed. Management does not contemplate that any of such nominees will be unable to serve as a director. However, if for any reason any of the proposed nominee does not stand for election or is unable to serve as such, the management designees, if named as proxy, reserve the right to vote for any other nominee in their sole discretion unless the Shareholder has specified in his proxy that his Shares are to be withheld from voting on the election of directors.

Item 3 - Appointment of Auditors

Shareholders will be asked to consider a resolution appointing auditors of the Corporation to act until the next annual meeting of Shareholders. Management proposes the firm PricewaterhouseCoopers LLP, Chartered Accountants, Calgary, Alberta be appointed as auditors of the Corporation. PricewaterhouseCoopers LLP were appointed auditors of the Corporation by the Board on May 3, 2010. Unless otherwise directed, the management designees, if named as proxy, intend to vote for the appointment of PricewaterhouseCoopers LLP as the auditors of the Corporation to hold office until the next annual meeting of the Shareholders at remuneration to be fixed by the Board.

Item 4 – Approval of Stock Option Plan

The policies of the TSX Venture Exchange Inc. (the "**Exchange**") require all incentive stock option grants to be made pursuant to a stock option plan approved by the Corporation's Shareholders. At the present time the Corporation has a "rolling" stock option plan (the "**Option Plan**") pursuant to which directors, officers, employees and consultants ("**Participants**") of the Corporation may be awarded options to purchase Shares (the "**Options**"), which was most recently approved by the Shareholders at the Corporation's annual and special meeting of the Shareholders held on July 5, 2012. Pursuant to the policies of the Exchange, such "rolling" plans must receive annual Shareholder approval. Accordingly, Shareholders are being asked to approve the current Option Plan in accordance with Policy 4.4 of the Exchange. The terms of the Option Plan are more fully described in this Circular under the heading "*Option Plan*".

Resolution for Approval of the Option Plan

The approval of a simple majority of the votes cast by Shareholders of the Corporation is required to approve the Option Plan and to grant options thereunder. The text of the ordinary resolution to be considered at the Meeting re-approving the Option Plan is set forth below:

"BE IT RESOLVED as an ordinary resolution of the shareholders of the Corporation as follows:

1. the Corporation's Stock Option Plan (the "**Option Plan**") is hereby approved, confirmed and ratified;
3. the Board of Directors from time to time is authorized to grant options in the capital stock of the Corporation pursuant to and in accordance with the Option Plan and the Corporation is authorized to reserve and issue common shares in the capital of the Corporation for issuance upon exercise of stock options granted pursuant to the Option Plan; and

4. any director or officer of the Corporation be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director or officer may, in their discretion, determine to be necessary in order to give full effect to the intent and purpose of this resolution."

In order for the foregoing resolution to be passed, it must be approved by a majority of the votes cast by Shareholders who vote in person or by proxy at the Meeting. It is the intention of the management designees, if named as proxy, to vote in favour of the resolution re-approving the Option Plan.

Item 5 – Approval of Continuance

LGX is currently governed by the *Canada Business Corporations Act* ("**CBCA**"). It is proposed as a matter to be approved by the Shareholders that the Corporation be continued (the "**Continuance**") from the jurisdiction of the CBCA into the jurisdiction of Alberta under the *Business Corporations Act* (Alberta) (the "**ABCA**"). The head office and registered office of the Corporation are in Alberta and the business of the Corporation is mainly in Alberta. Management of LGX is of the view that completion of the Continuance would facilitate future potential transactions involving the Corporation and other Alberta corporations. Management of LGX is also of the view that the ABCA is consistent with corporate legislation in most other Canadian jurisdictions and will provide Shareholders with substantially the same rights that are available to Shareholders under the CBCA, including rights of dissent and appraisal, and rights to bring derivative actions and oppression actions.

Required Shareholder Approval and Conditions

At the Meeting, Shareholders will be asked to consider, and if thought appropriate, to approve the Continuance resolution substantially in the form set out below (the "**Continuance Resolution**"), to continue LGX from the CBCA, which currently governs its affairs, to the ABCA. In order to be passed, the Continuance Resolution must be approved by a vote of not less than two-thirds (66⅔%) of the votes cast by Shareholders at the Meeting, present in person or by proxy. The Board of Directors of the Corporation recommends that Shareholders vote in favour of the Continuance Resolution. In the absence of instructions to the contrary, it is intended that the Shares represented by proxies in favour of management nominees will be voted in favour of the Continuance Resolution.

If the Continuance is approved at the Meeting, subject to the discretion of the Board of Directors to decide otherwise and abandon the Continuance, the Corporation will seek approval of the Registrar under the ABCA for continuance of LGX, as required by Section 188 of the CBCA and Section 188 of the ABCA. LGX intends to file Articles of Continuance pursuant to Section 188 of the ABCA to effect the Continuance as soon as practicable after the Continuance Resolution is passed at the Meeting. Other than to change the jurisdiction of the Corporation, the Articles of Continuance will be substantively the same as the current articles (see "*Proposed Articles of Continuance*"). Subject to appropriate Shareholder approval and such filings, the Continuance will be effective as of the date shown on the certificate of Continuance pursuant to Subsection 188(4) of the ABCA. LGX will file notice with the Director under the CBCA of the Continuance under the ABCA at which point the Director, upon being satisfied with the continuance into another jurisdiction and that no creditors or shareholders will be adversely affected, will file notice and issue a certificate of discontinuance. The CBCA will cease to apply to LGX on the date of the certificate of discontinuance, which shall be dated the same date as the Articles of Continuance.

CBCA Versus ABCA

The ABCA and the CBCA are similar in many respects, although there are a number of notable differences in respect of corporate law matters. The following is a brief summary of certain differences which management of LGX considers to be material. This summary is not intended to be exhaustive and Shareholders should consult their legal advisors regarding implications of the Continuance which may be of particular importance to them.

Board of Directors

The CBCA requires that at least one quarter of a company's directors be resident Canadians (unless the company has fewer than four directors in which case at least one must be a Canadian resident), and imposes no residency requirements on committees. Under the ABCA, at least one quarter of a company's directors, and at least one quarter of the members of any committee of directors, must be resident Canadians.

Shareholder Proposals

Both the ABCA and the CBCA provide for shareholder proposals. Under the CBCA, a registered or beneficial owner of shares entitled to be voted at a meeting may submit a proposal, although the registered or beneficial shareholder must either (i) have owned for six months not less than 1% of the total number of voting shares or voting shares with a fair market value of at least \$2,000; or (ii) have the support of persons who have owned for six months not less than 1% of the total number of voting shares or voting shares with a fair market value of at least \$2,000.

Under the ABCA, registered or beneficial owners of shares entitled to be voted at an annual meeting may submit a proposal although the registered or beneficial shareholder must (i) have owned for six months not less than 1% of the total number of voting shares or voting shares with a fair market value of at least \$2,000; (ii) have the support of other registered or beneficial shareholders sufficient to amount to at least 5% of the issued voting shares; (iii) provide the corporation with the shareholder's name and address as well as the names and addresses of all registered or beneficial shareholders who support the proposal; and (iv) continue to hold or own at least 1% of shares up to and including the day that the meeting to discuss the proposal is held.

Financial Assistance

The ABCA requires disclosure of financial assistance given by a company in connection with the purchase of shares of the company or its affiliates, or to shareholders, directors and their associates of the company and its affiliates. The CBCA has no such requirement.

Record Date for Voting

The ABCA permits a transferee of shares after the record date for a shareholder meeting, not later than 10 days before the shareholder meeting, to establish a right to vote at the meeting by providing evidence of ownership of shares and demanding that the transferee's name be placed on the voting list in place of the transferor. The CBCA does not have an equivalent provision.

Rights of Dissent

Under both the ABCA and the CBCA, shareholders have substantially the same rights of dissent if a company resolves to effect certain fundamental changes. Under both the ABCA and the CBCA, a dissenting shareholder may send the company a written objection to the resolution at or before the meeting. Under the CBCA, a company must, within 10 days of the passing of the resolution to which the shareholder dissents, send notice to the dissenting shareholder. The dissenting shareholder, within 20 days of receiving notice from the company, must send the company notice of his demand for payment of the fair value of his shares and his relevant personal information. Within 30 days of this notice, the dissenting shareholder must send the company, or its transfer agent, his share certificates. No more than seven days after the later of receiving notice from the dissenting shareholder or the date the action approved in the resolution become effective, the company must make an offer to pay. The company or the dissenting shareholder may apply to court to fix a fair value for the shares of the dissenting shareholder. See "*Continuance Resolution Dissent Rights*" below for further details of dissent rights under the CBCA.

Under the ABCA, once the resolution is adopted, any dissenting shareholder or the company may make an application to the court to fix the fair value of his shares. If an application is made, the company must send an offer to pay an amount considered by the company to be the fair value of the shares to each dissenting shareholders. The dissenting shareholders may accept the offer to pay from the company or wait for a court order fixing the fair value of the shares.

Notice of Shareholder Meetings

Under the ABCA, a public corporation must give notice of a meeting of shareholders not less than 21 days and not more than 50 days before the meeting. Under the CBCA, such notice must be provided not less than 21 days and not more than 60 days before the meeting. Public corporations incorporated under either statute are currently subject to the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

Effects of Continuance

Continuance under the ABCA does not create a new legal entity and will not prejudice or affect the continuity of the Corporation. The persons who constitute the Board of Directors will continue to be those persons elected by the Shareholders at the Meeting. The officers of the Corporation will continue to be those persons appointed by the Board of Directors. Under the ABCA, upon Continuance, there is no change in:

1. the ownership of corporate property;
2. liability for obligations;
3. the existence of a cause of action, claim or liability to prosecution;
4. enforcement against the Corporation of any civil, criminal or administrative proceedings pending; and
5. the enforceability of any conviction or judgement against or in favour of the Corporation.

Furthermore, any Shares issued before the Continuance will be deemed to have been issued in compliance with the ABCA and with the Articles of Continuance. The Continuance does not deprive a Shareholder of any right or privilege, or relieve a Shareholder of any liability in respect of an issued share.

Proposed Articles of Continuance

LGX is currently a CBCA corporation that has articles of amalgamation which set out LGX's name, the authorized capital, the classes, any maximum number of shares that may be issued, the rights, privileges, restrictions and conditions attaching to Shares, any restriction on the right to transfer Shares, the maximum or minimum number of directors and any restrictions on the business of LGX. Upon the Continuance taking effect, the proposed Articles of Continuance filed under the ABCA will replace the articles of amalgamation filed under the CBCA and will contain substantially the same terms as LGX's current articles of amalgamation.

The rights, privileges, restrictions and conditions that are presently applicable to the Shares are substantially the same as the rights, privileges, restrictions and conditions that will attach to such Shares after the Continuance. The Articles of Continuance authorize the Corporation to issue an unlimited number of Shares and no other classes of shares, as do the current articles of the Corporation. Under the ABCA, a meeting of shareholders may be held anywhere in Alberta and at a place outside Alberta if the place is specified in the Articles of Continuance. The proposed Articles of Continuance provide for a minimum of 3 and maximum of 15 directors of LGX. The proposed Articles of Continuance provide that the directors may appoint one or more directors, who shall hold office for a term expiring not later than the close of the next annual general meeting of shareholders, but the total

number of directors so appointed may not exceed one third of the number of directors elected at the previous annual general meeting of shareholders.

Special Resolution for approval of the Continuance

In order to be passed, the Continuance Resolution must be approved by a vote of not less than two-thirds (66 $\frac{2}{3}$ %) of the votes cast by Shareholders at the Meeting, present in person or by proxy. The text of the special resolution to be considered at the Meeting is set forth below:

"WHEREAS LGX Oil + Gas Inc. (the "**Corporation**") was formed by amalgamation under the Canada Business Corporations Act (the "**CBCA**") by certificate of amalgamation dated January 1, 2013 (the "**Charter**");

AND WHEREAS it is desirable that the Corporation be continued as a corporation under the Business Corporations Act (Alberta) (the "**ABCA**");

NOW THEREFORE BE IT RESOLVED as a special resolution, that:

1. Pursuant to Section 188(1) of the CBCA, the Corporation be and is hereby authorized to make application to Industry Canada for a Letter of Satisfaction and apply to the Registrar of Companies, Alberta Consumer and Corporate Affairs, to continue the Corporation pursuant to Section 188 of the ABCA as if the Corporation had been incorporated under the ABCA and make application to Industry Canada for a Certificate of Discontinuance;
2. Subject to such continuance and the issue of such Certificate of Discontinuance and without affecting the validity of the corporation and the existence of the Corporation by or under its Charter and of any act done thereunder, the Corporation's Charter is hereby amended to make all changes necessary to conform to the ABCA and by substituting for the provisions of its Articles of Amalgamation, the provisions set out in the Articles of Continuance, the terms of which are summarized in the information circular of the Corporation dated April 23, 2013 in respect of the meeting of the shareholders of the Corporation held on May 28, 2013;
3. The directors and proper officers of the Corporation be and they are hereby authorized to do all such things and to execute all instruments and documents as may be necessary or desirable to carry out the foregoing, including certifying that the Corporation is in good standing and that the continuance will not adversely affect shareholders' or creditors' rights;
4. The directors of the Corporation are hereby authorized to abandon the application to continue the Corporation without further approval of the shareholders if they consider it necessary or advisable to do so.
5. The Articles of Continuance in the form approved by the directors of the Corporation are hereby adopted."

The Board of Directors of the Corporation recommends that Shareholders vote in favour of the Continuance Resolution. It is the intention of the management designees, if named as proxy, to vote for the Continuance Resolution.

Under the CBCA, Shareholders are entitled to dissent the Continuance Resolution and, upon strict compliance with the terms of the CBCA, to be paid the fair value of their dissenting Shares. See "*Continuance Resolution Dissent Rights*" below for further details of dissent rights under the CBCA.

Item 6 – Other Business

The financial statements of the Corporation for the financial year ended December 31, 2012 will be put before the Shareholders at the Meeting. The directors and officers of the Corporation are not aware of any matters, other than those indicated above, which may be submitted to the Meeting for action. However, if any other matters should properly be brought before the Meeting, the enclosed proxy confers discretionary authority to vote on such other matters according to the best judgment of the person holding the proxy at the Meeting.

CONTINUANCE RESOLUTION DISSENT RIGHTS

The following description of dissent rights to which dissenting Shareholders are entitled is not a comprehensive statement of the procedures to be followed by a dissenting Shareholder who seeks payment of the fair value of such dissenting Shareholder's Shares and is qualified in its entirety by the reference to the full text of Section 190 of the CBCA, which is attached to this Circular as Schedule A. A Shareholder who intends to exercise dissent rights should carefully consider and comply with the provisions of Section 190 of the CBCA. Failure to strictly comply with the provisions of Section 190 of the CBCA and to adhere to the procedures established therein may result in the loss of all rights thereunder.

Under the CBCA, a registered Shareholder is entitled, in addition to any other right such holder may have, to dissent to the Continuance Resolution and, upon strict compliance with the CBCA, to be paid the fair value of the dissenting Shares held by such Shareholder in respect of which such Shareholder dissents, determined as of the close of business on the last business day before the day on which the Continuance Resolution is adopted. Only registered Shareholders may dissent. Persons who are Beneficial Shareholders who wish to dissent, should be aware that they may only do so through the registered owner of such securities. A registered Shareholder, such as a broker, who holds Shares as nominee for Beneficial Shareholders, some of whom wish to dissent, must exercise dissent rights on behalf of such beneficial owners with respect to the Shares held for such Beneficial Shareholders. In such case, the written objection should set forth the number of Shares covered by such objection.

The dissent procedures require that a registered Shareholder who wishes to dissent must send a written notice of objection to the Corporation c/o Heenan Blaikie LLP, Suite 1900, 215 - 9th Avenue S.W., Calgary, Alberta, T2P 1K3 (Attention: Mark Franko) or (ii) by facsimile transmission to c/o Heenan Blaikie LLP, Facsimile: (403) 234-7987 (Attention: Mark Franko), in either case, to be received no later than the time of the Meeting or any adjournment or postponement of the meeting, and must otherwise strictly comply with the dissent procedures described in this Circular. Failure to strictly comply with the provisions of Section 190 of the CBCA may result in loss of the dissent right.

Pursuant to the terms of the CBCA, the Corporation shall, within ten days after the Shareholders adopt the Continuance Resolution, send to each dissenting Shareholder that has complied with the requirement of the CBCA, notice that the resolution has been adopted. Within twenty days of receiving such notice, a dissenting Shareholder shall send to the Corporation a written notice (the "**Dissent Notice**") containing (i) the Shareholder's name and address, (ii) the number and class of Shares in respect of which the Shareholder dissents, and (iii) a demand for payment of the fair value of such Shares. Within thirty days after sending the Dissent Notice, the Shareholder shall send the Corporation or its transfer agent certificates representing the Shares in respect of which the Shareholder dissents. A dissenting Shareholder who fails to send its certificates has no right to make a claim for payment.

Not later than seven days after the later of the day on which the Continuance becomes effective or the day the Corporation receives the Dissent Notice, the Corporation shall send to each dissenting Shareholder who has sent a Dissent Notice a written offer to pay for the Shares in an amount considered by the directors to be the fair value, accompanied by a statement showing how the fair value was determined.

On the dissenting Shareholder sending a Dissent Notice, the dissenting Shareholder will cease to have any rights as Shareholder, other than the right to be paid the fair value of such holder's Shares. Until such time as the Corporation makes an offer as set out above, the dissenting Shareholder may withdraw the dissenting Shareholder's Dissent Notice, or if the Continuance has not yet become effective, the Corporation may abandon the Continuance, and in either event the dissent and appraisal proceedings in respect of that dissenting Shareholder will be discontinued.

If the Corporation fails to make an offer, or if the offer is rejected by a dissenting Shareholder, the Corporation may, within fifty days after the Continuance becomes effective, apply to a court to fix a fair value for the Shares of any dissenting Shareholder. If the Corporation fails to make a court application, a dissenting Shareholder may apply to a court for the same purpose within a further period of twenty days.

A dissenting Shareholder is not required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application or appraisal. On the application, all dissenting Shareholders whose Shares have not been purchased by the Corporation shall be joined as parties and are bound by the decision of the court. The Corporation must notify each affected dissenting Shareholder of the date, place and consequences of the application and of their right to appear. The court will make an order fixing the fair value of the dissenting Shares of all dissenting Shareholders, giving judgment in that amount against the Corporation, and in favour of each dissenting Shareholder. The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting Shareholder calculated from the date on which the Continuance becomes effective, until the date of payment.

The Corporation will not make a payment to a dissenting Shareholder under Section 190 of the CBCA if there are reasonable grounds for believing that the Corporation would after the payment be unable to pay its liabilities as they become due, or that the realizable value of the assets of the Corporation would thereby be less than the aggregate of its liabilities. In such event, the Corporation shall (i) within 7 days after the later of the day on which the Continuance becomes effective or the day the Corporation received the Dissent Notice, (ii) within ten days of the pronouncement of an order of the court fixing the fair value of the dissenting Shares of all dissenting Shareholders, or (iii) within ten days of the acceptance by a dissenting Shareholder of an offer made by the Corporation, as applicable, notify each dissenting Shareholder that it is unable to lawfully pay its dissenting Shareholders for their Shares. In such an event, a dissenting Shareholder may, within 30 days after receipt of such notice, withdraw such dissenting Shareholder's written objection, in which case the Corporation shall be deemed to consent to the withdrawal and such dissenting Shareholder shall be reinstated with full rights as a Shareholder, failing which such dissenting Shareholder retains status as a claimant against the Corporation, to be paid as soon as the Corporation is lawfully entitled to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the Corporation, but in priority to the Shareholders.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by a dissenting Shareholder who seeks payment of the fair value of their Shares. Section 190 of the CBCA requires adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder. Accordingly, each dissenting Shareholder who wishes to exercise dissent rights should carefully consider and comply with the provisions of that Section, the full text of which is set out in Schedule A and consult its own legal advisor.

CORPORATE GOVERNANCE PRACTICES

Every issuer that is listed on the Exchange is required under Section 2.2 of National Instrument 58-101 - *Corporate Governance Disclosure* ("**NI 58-101**") to disclose annually in its information circular certain information concerning its corporate governance practices. The Board is responsible for the governance of the Corporation. The Board and senior management consider good governance to be central to the effective and efficient operation of the Corporation. Listed below is a discussion of the Board's approach to governance of the Corporation.

Board of Directors

Board Mandate

The Board operates under a written mandate (the "**Board Mandate**"). Under the Board Mandate, the fundamental responsibilities of the Board are to: (i) appoint and oversee a competent executive team to manage the business of the Corporation, with a view to maximizing shareholder value, (ii) identify and understand the risks associated with the business of the Corporation and (iii) ensure corporate conduct in an ethical and legal manner via an appropriate system of corporate governance, disclosure processes and internal controls.

Board Independence

A director is considered to be independent of an issuer under applicable Canadian securities laws if the director is free of any relationship with the issuer which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of the director's independent judgement. Certain directors, such as current or former employees or officers of the issuer, are deemed not to be independent of the issuer.

The Board has five members, three of whom are considered to be independent. Trent Yanko is not independent as he is the President and Chief Executive Officer of the Corporation. James Pasioka is considered by the Board not to be independent as he is a partner of a law firm that provides legal services to the Corporation.

The Board Mandate does not require that the Board hold regularly scheduled meeting of its independent members and no such meetings were held in the year ended December 31, 2012. The Board ensures open and candid discussion among its independent directors by continuously monitoring situations where a conflict of interest or perceived conflict of interest with respect to a director may exist. In cases where such a conflict of interest or perceived conflict of interest is identified, it is addressed in accordance with the CBCA, the Corporation's code of business conduct and ethics and the Board Mandate. The Board may determine that it is appropriate to hold an *in camera* session excluding a director with a conflict of interest or perceived conflict of interest or such director may consider that it is appropriate to recuse himself from considering and voting with respect to the matter under consideration.

Directors that are Directors of Other Reporting Issuers

The following directors of the Corporation are also currently directors of other reporting issuers or their equivalent in a domestic or foreign jurisdiction:

<u>Name of Director</u>	<u>Reporting Issuer</u>
Trent Yanko	Legacy Oil + Gas Inc. (TSX)
James Pasioka	Legacy Oil + Gas Inc. (TSX) Surge Energy Inc. (TSX)
Chris Bloomer	Calmena Energy Services Inc. (TSX) Canadian Energy Exploration Inc. (TSXV) Petrobank Energy and Resources Ltd. (TSX)
Neil Roszell	Raging River Exploration Inc. (TSXV)
Jim Welykochy	None

Orientation and Continuing Education

The Board Mandate provides that any newly appointed or elected directors will be provided with an orientation which will include written information about the duties and obligations of directors and the business and

operations of the Corporation, documents from recent Board meetings and opportunities for meetings and discussion with senior management and other directors.

All members of the Board are provided with copies of the Board Mandate, the charters of each committee of the Board and the Corporation's code of business conduct and ethics, trading policy, whistleblower policy and corporate disclosure and confidentiality policy. The Board relies on its legal counsel and other outside advisers to advise it as necessary of corporate governance developments. The Board also relies on management to keep it apprised of developments within the oil and natural gas industry that may affect the governance and management of the Corporation. In addition, the Board Mandate provides that any director who feels that he or she requires the services of an outside advisor to assist with discharging his or her responsibilities as a director may engage one at the expense of the Corporation with the authorization of the Chair.

Ethical Business Conduct

The Corporation has adopted a code of business conduct and ethics. The code has been filed on SEDAR and can be view under the Corporation's profile at www.sedar.com. Any breach of the code may be reported directly to the responsible officer or may be reported to the Chair of the Audit Committee in accordance with the whistleblower policy of the Corporation.

The Corporation has adopted a whistleblower policy. The whistleblower policy establishes procedures that allow employees of the Corporation to confidentially and anonymously submit any concerns regarding activity that may be considered ethically, morally or legally questionable to the Chair of the Audit Committee without fear of retaliation.

The Corporation has adopted a share trading policy. The purpose of the share trading policy is to promote investor confidence in the securities of the Corporation by ensuring that persons who have access to material, undisclosed information concerning the Corporation or its affiliates will not make use of it by trading in securities of the Corporation or tipping others before the information has been fully disclosed to the public.

Conflicts of Interest

Each of the officers and two of the directors of LGX are also officers and directors of Legacy Oil + Gas Ltd. ("**Legacy**"). The interests of LGX may not always be aligned with the interests of Legacy and circumstances may arise where the duties of such officers and directors to Legacy may conflict with their duties to LGX. In addition, all of the directors and officers of LGX may participate in other activities and investments in the oil and natural gas industry outside the scope of their engagement or employment as directors or officers of LGX. As a result, the directors and officers may become subject to conflicts of interest from time to time. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the CBCA, the written mandate of the Board of Directors and LGX's corporate governance policies.

Nomination of Directors

The Board's mandate provides that the Board shall consider succession planning and management recruitment and development. The Board does not have a nominating committee, but encourages an objective nomination process by considering succession planning (including appointment of management) based mainly on periodic reports to the Board by the Chief Executive Officer and Chief Financial Officer. The Board as a whole considers the need for the nomination of additional directors and individual nominees.

Compensation

The Board as a whole is responsible for determining the compensation of the Corporation's directors and officers. The Board periodically reviews the adequacy and form of compensation of directors and officers to ensure that

the compensation realistically reflects the responsibility and risks involved in being an effective director and/or officer. See "*Compensation Discussion and Analysis*" for further information concerning the Board's compensation practices.

Other Board Committees

In addition to the Audit Committee, the Board has a Reserves Committee. The primary functions of the Reserves Committee are to: (i) assist the Board in the selection, engagement and instruction of an independent reserves evaluator for the Corporation and its affiliates, (ii) ensure there is a process in place to provide all relevant reserves data to the independent reserves evaluator, (iii) monitor the preparation of the independent reserves evaluation of the Corporation and its affiliates and (iv) review the annual independent reserves evaluation of the Corporation and its affiliates and any other independent reserves evaluations prepared for the Corporation.

Assessments

The Board Mandate provides that the Board is responsible for annually assessing its overall performance and that of its committees. The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. Each review will have regard to the mandate or charter of the Board or committee and identifies any areas where the directors or management believe that the Board or committee could make a better collective contribution to overseeing the affairs of the Corporation. The written mandate of the Audit Committee also provides that the Audit Committee will, on an annual basis, assess its own performance.

The Board is also responsible for regularly assessing the effectiveness and contribution of the individual directors, having regard to the competencies and skills each director is expected to bring to the Board.

OPTION PLAN

LGX's Option Plan was last approved by the Shareholders at a meeting held on July 5, 2012. The purpose of the Option Plan is to provide Participants with an opportunity to purchase Shares and to benefit from the appreciation thereof. This provides an increased incentive for the Participants to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Shares for the benefit of all the shareholders and increasing the ability of the Corporation to attract and retain individuals of exceptional skill.

The Plan is currently administered by the Board, but the Board may delegate administration to a committee of the Board consisting of not less than three directors. The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem proper and in the best interests of the Corporation.

Summary of the Plan

Option Grants

Under the Option Plan, the Board may, from time to time, grant Options to such Participants as it chooses and, subject to the restrictions described below, in such numbers as it chooses. In considering such grants, the Board consults with the President and Chief Executive Officer and considers numerous factors, including the capital position of the Corporation, market conditions, the number of outstanding Options and previous grants.

The exercise price of each Option is fixed by the Board when the Option is granted, provided that such price shall not be less than the last per share closing price for the Shares on the Exchange before the date of the grant of an Option, less any applicable discount under the policies of the Exchange. Options granted to Participants are non-assignable unless the prior written consent of the Corporation and the Exchange has been obtained.

Limits on Option Grants

The aggregate number of Shares that may be reserved for issuance under the Option Plan, together with any Shares reserved for issuance under any other share compensation arrangement implemented by the Corporation after the date of the adoption of the Option Plan, shall be equal to 10% of outstanding Shares (on a non-diluted basis) outstanding at that time. In addition, any grant of Options under the Option Plan shall be subject to the following restrictions:

- (a) the aggregate number of Shares reserved for issuance pursuant to Options granted to any one person within any one year period, when combined with any other share compensation arrangement, may not exceed 5% of the outstanding Shares (on a non-diluted basis);
- (b) the aggregate number of Shares reserved for issuance pursuant to Options granted to Insiders (as defined in the Exchange's Corporate Finance Manual) pursuant to the Option Plan, when combined with any other share compensation arrangement, may not exceed 10% of the outstanding Shares (on a non-diluted basis); and
- (c) the aggregate number of Shares issued within any one year period to Insiders pursuant to Options, when combined with any other share compensation arrangement, may not exceed 10% of the outstanding Shares (on a non-diluted basis).
- (d) the aggregate number of Shares reserved for issuance pursuant to Options granted to any one Consultant (as defined in the Exchange's Corporate Finance Manual) within a one year period may not exceed 2% of the outstanding Shares (on a non-diluted basis);
- (a) the aggregate number of Shares reserved for issuance pursuant to Options granted to persons employed to provide Investor Relations Activities (as such term is defined in the Exchange's Corporate Finance Manual) within a one year period may not exceed 2% of the outstanding Shares (on a non-diluted basis); and
- (b) the aggregate number of Shares issuable to non-employee directors of the Corporation at any time pursuant to outstanding Options shall not exceed 1% of the outstanding Shares.

Expiry

Options granted pursuant to the Option Plan must be exercised within a period of five years after the date of grant. In the event that any Option expires during, or within two business days after, a self imposed blackout period on trading securities of the Corporation, such expiry date will become the tenth day following the end of the blackout period.

In the event of the Participant ceasing to be a director, officer, employee or consultant of the Corporation for any reason other than death (including the resignation or retirement of the Participant as a director, officer or employee of the Corporation or the termination by the Corporation of the employment of the Participant or the termination by the Corporation or the Participant of the consulting arrangement with the Participant), Options held by such Participant shall cease and terminate and be of no further force or effect on the earlier of the expiry time of the Option and the thirtieth day following: (i) the effective date of such resignation or retirement; (ii) the date the notice of termination of employment is given by the Corporation; or (iii) the date the notice of termination of the consulting agreement is given by the Corporation to the Participant, as the case may be. Notwithstanding the foregoing, in the event of termination for cause, such Option shall cease and terminate immediately upon the date notice of termination of employment for cause is given by the Corporation and shall be of no further force or effect whatsoever as to the Common Shares in respect of which an Option has not previously been exercised.

If a Participant dies, the legal representatives of the Participant may exercise the Options held by the Participant within a period after the date of the Participant's death as determined by the Board, provided that such period shall not extend beyond 12 months following the death of the Participant or exceed the expiry date of such Option.

Vesting

The vesting period or periods of Options granted under the Option Plan is determined by the Board at the time of grant. The Board may, in its sole discretion at any time, accelerate vesting of Options previously granted. In the event a change of control of the Corporation, as defined in the Option Plan, is contemplated or has occurred, all Options which have not otherwise vested in accordance with their terms shall vest and be exercisable at such time as is determined by the Board for a period of time ending on the earlier of the expiry time of the Option and the date which is ninety days after the date of the date of notice to the Participant of such change of control.

Exercise

Participants may exercise vested Options by providing a notice in writing signed by the Participant to the Corporation together with payment in full of the exercise price for the Shares which are the subject of the exercise. The Corporation does not provide Participants with financial assistance for the exercise of Options.

Amendments to the Option Plan

The Board may amend the Option Plan and any Options granted thereunder in any manner, or discontinue it at any time, without the approval of the holders of a majority of the Shares, provided that:

- (a) the consent of the applicable Participants must be obtained for any amendment that would adversely affect any outstanding Options;
- (b) the approval of the holders of a majority of the Shares present and voting in person or by proxy at a meeting of Shareholders must be obtained for any amendment that would have the effect of:
 - (i) increasing the maximum percentage of Shares that may be reserved for issuance under the Option Plan;
 - (ii) increasing the maximum percentage of Shares that may be reserved for issuance under the Option Plan to non-employee directors, Insiders or any one person;
 - (iii) increasing the maximum percentage of Shares that may be issued under the Option Plan within any one year period to Insiders;
 - (iv) changing the amendment provisions of the Option Plan;
 - (v) changing the terms of any Options held by Insiders;
 - (vi) reducing the exercise price of any outstanding Option (including the reissue of an Option within 90 days of cancellation which constitutes a reduction in the exercise price);
 - (vii) amending the definition of Participants to expand the categories of individuals eligible for participation in the Option Plan;
 - (viii) extending the expiry date of an outstanding Option or amending the Option Plan to allow for the grant of an Option with an expiry date of more than five years from the grant date;
or

- (ix) amending the Option Plan to permit the transferability of Options, except to permit a transfer to a family member, an entity controlled by the Participant or a family member, a charity or for estate planning or estate settlement purposes.

Adjustments

The Option Plan provides that appropriate adjustments in the number of Shares subject to the Option Plan, the number of Shares optioned and the exercise price, shall be made by the Board to give effect to adjustments in the number of Shares resulting from subdivisions, consolidations or reclassifications of the Shares, the payment of stock dividends by the Corporation (other than dividends in the ordinary course) or other relevant changes in the authorized or issued capital of the Corporation.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Option Plan is the only compensation plan pursuant to which equity securities of the Corporation are authorized for issuance. The Option Plan is described in detail above under the heading "*Summary of Stock Option Plan*". Information concerning the outstanding Options and the Shares available for issuance under the Option plan is set out in the table below.

Number of Shares issuable upon exercise of outstanding Options	Weighted-average exercise price of outstanding Options	Number of Shares remaining available for future issuance under Option Plan ⁽¹⁾
1,876,500	\$1.17	6,989,343

Note:

- (1) The maximum number of Shares reserved for issuance under the Option Plan is set at 10% of the outstanding Shares at any time. The number of Shares remaining available for future issuance reflects 10% of the currently outstanding Shares, less the currently outstanding number of Options. The number of Shares remaining available for future issuance will increase as the outstanding number of Shares increases.

SERVICES AGREEMENT

On July 5, 2012, the Corporation completed a transaction (the "**Legacy Transaction**") with Legacy pursuant to which the Corporation acquired certain assets in southern Alberta from Legacy. In connection with the Legacy Transaction, LGX and Legacy entered into a management, administrative and technical services agreement on July 5, 2012 (the "**Services Agreement**"). Pursuant to the Services Agreement:

- Legacy is engaged as an independent contractor to perform technical, corporate, regulatory, administrative and asset management services in accordance with good oilfield practice, including prudent reservoir management and conservation principles, to permit LGX to operate, maintain and develop its assets. Legacy's fee for provision of the services is one hundred and sixty-seven thousand Canadian dollars (\$167,000.00) per month plus GST;
- the Board of Directors maintains control, discretion and authority for the management of the business and affairs of LGX;
- either party may terminate the Services Agreement: (i) on 90 days written notice; (ii) after a five day default period in the event of breach; or (iii) immediately upon an act of bankruptcy or insolvency or in the event of a bankruptcy cause, proceeding or action persisting for 30 consecutive days;

- Legacy, at its sole cost, shall have the right to subcontract the services to be performed under the Services Agreement. Services outside the scope of the Services Agreement shall be contracted by officers and/or directors of LGX at its sole cost;
- each party will generally be permitted to pursue business interests that may be similar to or competitive with those of the other party or its affiliates; and
- to avoid potential conflicts of interest, LGX shall have first priority to pursue potential acquisition transactions related to hydrocarbon substances within a defined area (roughly covering the Province of Alberta south of Calgary, but excluding a defined area around Legacy's Turner Valley properties). Legacy shall have first priority to pursue potential acquisition transactions related to hydrocarbon substances outside of the above referenced area.

A complete copy to the Services Agreement has been filed by LGX on SEDAR and may be reviewed under LGX's profile at the SEDAR website at www.sedar.com.

EXECUTIVE COMPENSATION

Named Executive Officers

This Circular is required to contain certain disclosure concerning the compensation for the financial year ended December 31, 2012 of individuals considered to be "Named Executive Officers" of the Corporation under applicable Canadian securities laws. The Named Executive Officers for the purposes of this Circular include the following current executive officers of the Corporation (the "**Current Management**"):

Trent Yanko - President and Chief Executive Officer

Matt Janisch - Vice-President, Finance and Chief Financial Officer

On July 5, 2012, as part of the Legacy Transaction, the then existing officers of the Corporation resigned and were replaced by Trent Yanko and Matt Janisch. The following former executive officers of the Corporation, who resigned on July 5, 2012, are also considered to be Named Executive Officers for the purposes of this Circular (together, the "**Former Management**"):

Robert Mercier - Former Chief Executive Officer

Michael Kryczka - Former Vice-President, Business Development

David Cassidy - Former Vice-President, Exploration

Christine Robertson - Former Vice-President, Engineering and Chief Operating Officer

Franco Civitarese – Former Vice-President, Finance and Chief Financial Officer

Compensation Discussion and Analysis

The Board was reconstituted on July 5, 2012 in connection with the Legacy Transaction. On that date, all of the then existing members of the Board, with the exception of Chris Bloomer and Jim Welykochy, resigned as directors and Trent Yanko, James Pasioka and Neil Roszell were appointed as directors. As compensation of the Former Management was the responsibility of the previous board of directors of the Corporation, neither the Current Management nor the current Board is in a position to comment on the compensation approach of the former board of directors with respect to the Former Management and this Circular contains no discussion in that regard.

The Current Management is not paid any salary or remuneration for their services by LGX, other than awards of Options under the Option Plan. Grants of Options under the Corporation's Option Plan are intended to provide

the Corporation's executive officers with a long term incentive to increase shareholder value. In 2012, the Corporation granted 200,000 Options to the President and Chief Executive Officer and 150,000 to the Vice-President, Finance and Chief Financial Officer. These grants were approved by the Board based on its subjective assessment of the appropriate base level of Option holdings by the Current Management after considering the Corporation's development to date, the fact that no Options had been previously granted to the Current Management and the current capital base of the Corporation. The Board's primary focus in awarding Options in 2012 was to provide appropriate incentives to future performance.

Summary of Compensation of Named Executive Officers

Current Management

The following table sets forth information concerning the total compensation paid by LGX for 2012 to those Named Executive Officers of the Corporation that constitute the Current Management.

Name and Position	Salary ⁽¹⁾ (\$)	Share-Based Awards (\$)	Option-Based Awards ⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)		All Other Compensation ⁽³⁾ (\$)	Total Compensation (\$)
				Annual Incentive Plans	Long-Term Incentive Plans		
Trent Yanko ⁽⁴⁾ President and CEO	-	-	166,000	-	-	-	166,000
Matthew Janisch Vice President and CFO	-	-	124,500	-	-	-	124,500

Notes:

- (1) No salary is paid to the Current Management by LGX. See "*Compensation Discussion and Analysis*".
- (2) Comprised of Options granted pursuant to the Corporation's Option Plan. All Options vest as to 1/3 per year for a period of 3 years from the date of grant. For a complete description of the terms of the Option Plan, see "*Stock Option Plan*". Value is based on the grant date fair value of the Options calculated using the Black-Scholes-Merton Method.
- (3) The value of perquisites received by each member of Current Management, including property or other personal benefits provided that are not generally available to all employees, was not greater than 10% of the officer's total salary for the financial year.
- (4) Trent Yanko is also a director of the Corporation. Mr. Yanko received no compensation in 2012 specifically in relation to his duties as a director of the Corporation.

Former Management

The following table sets forth information concerning the total compensation paid for 2010, 2011 and 2012 to those Named Executive Officers of the Corporation that constituted the Former Management.

Name and Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)		All Other Compensation ⁽²⁾ (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans		
Robert Mercier ⁽³⁾ CEO	2012	100,926	-	-	-	-	266,667	367,593
	2011	160,000	-	68,649	-	-	-	228,649
	2010	173,333	-	120,297	-	-	-	293,630
Michael Kryczka Vice President, Business Development	2012	103,376	-	-	-	-	280,000	383,376
	2011	160,000	-	68,649	-	-	-	228,649
	2010	162,500	-	120,297	-	-	-	282,797
David Cassidy Vice-President, Exploration	2012	100,926	-	-	-	-	266,667	367,593
	2011	160,000	-	68,649	-	-	-	228,649
	2010	173,333	-	120,297	-	-	-	293,630
Christine Robertson Vice-President, Engineering and COO	2012	100,926	-	-	-	-	200,000	300,926
	2011	160,000	-	41,952	-	-	-	201,952
	2010	160,000	-	73,515	-	-	-	233,515
Franco Civitarese Vice-President, Finance and CFO	2012	100,926	-	-	-	-	213,333	314,259
	2011	160,000	-	41,952	-	-	-	201,952
	2010	160,000	-	73,515	-	-	-	248,965

Notes:

- (1) All of the options held by the members of Former Management vested in connection with the Legacy Transaction completed by the Corporation on July 5, 2012 and were exercisable for a period of 90 days thereafter. All of the options held by Former Management were out of the money at the time of vesting.
- (2) The reported compensation in 2012 consists of severance amounts paid in 2012 in connection with the Legacy Transaction and the replacement of the Former Management with the Current Management. In prior years, the value of perquisites received by each member of Former Management, including property or other personal benefits provided that are not generally available to all employees, was not in the aggregate greater than \$50,000 or 10% of the officer's total salary for the applicable financial year.
- (3) Mr. Mercier was also a former director of the Corporation and received no additional compensation in his capacity as such.

Each member of the Former Management resigned on July 5, 2012 in connection with the Legacy Transaction. Under the terms of the former stock option plan of the Corporation, all of the Options held by the members of Former Management were subject to accelerated vesting as a result of the Legacy Transaction. These options were exercisable for a period of 90 days following the completion of the Legacy Transaction. No Options were exercised by the Former Management within this period as all of the Options held by the Former Management at the time of the Legacy Transaction were out of the money. The members of Former Management were also

entitled to severance payments under their employment agreements with the Corporation as a result of the Legacy Transaction. An aggregate amount of \$1,226,667 was paid to the Former Management as severance upon the completion of the Legacy Transaction.

Outstanding Options

The following table outlines for each Named Executive Officer all Options outstanding as at December 31, 2012. Only members of the Current Management held Options as at December 31, 2012. All Options previously held by members of the Former Management were exercised or expired prior to December 31, 2012.

Name	Number of Shares Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options ⁽¹⁾ (\$)
Trent Yanko President and CEO	200,000	\$1.09	August 17, 2017	-
Matthew Janisch Vice President and CFO	150,000	\$1.09	August 17, 2017	-

Notes:

(1) Calculated based on the difference between the closing price of \$0.68 per Share on the Exchange on December 31, 2012 and the exercise price of the Options, multiplied by the number of Shares under option.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each member of the Former Management, the value of Options which vested during the year ended December 31, 2012 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2012. None of the Options held by Current Management vested during the year ended December 31, 2012, and the Current Management did not receive any non-equity incentive plan compensation. All of the Options held by Former Management vested in connection with the Legacy Transaction on July 5, 2012, and all were out of the money at that time. The Former Management did not receive any non-equity incentive plan compensation in 2012. Former Management received severance payments in connection with the Legacy Transaction as described under "*Summary of Compensation of Named Executive Officers*".

Employment Agreements and Termination and Change of Control Benefits

The Corporation does not have employment agreements with any members of the Current Management, nor is there any contract, agreement, plan or arrangement that would provide for any payment to any member of current management in connection with termination, resignation, retirement, change of control of the Corporation or a change in the officer's responsibilities. As described under "*Stock Option Plan*", the Option Plan provides for the accelerated vesting of outstanding Options in certain circumstances, including in connection with a change of control of the Corporation. See "*Outstanding Options*" above for a description of the value to the members of the Current Management of the outstanding Options on December 31, 2012, which value would have been realizable by the members of Current Management at that date if the accelerated vesting of the Options held by them had occurred at that date.

DIRECTOR COMPENSATION

Summary of Director Compensation

All of the previous directors of the Corporation (the "**Former Directors**"), with the exception of Chris Bloomer and Jim Welykochy, resigned on July 5, 2012 in connection with the Legacy Transaction. The current directors of the Corporation (the "**Current Directors**") are Trent Yanko, James Pasieka, Neil Roszell, Jim Welykochy and

Chris Bloomer. The only compensation paid to the Current Directors in 2012 was in the form of the grant of Options under the Option Plan. The Corporation does not, at this time, have in place any arrangement providing for any other fees or remuneration payable to the Current Directors, although it may adopt such arrangements in the future.

Current Directors

The following table outlines information concerning the compensation paid to the Current Directors (other than Trent Yanko) for the year ended December 31, 2012.

Name	Fees Earned (\$)	Share-Based Awards (\$)	Options ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
James Pasieka	-	-	49,800	-	-	49,800
Neil Roszell	-	-	49,800	-	-	49,800
Jim Welykochy	-	-	49,800	-	-	49,800
Chris Bloomer	-	-	49,800	-	-	49,800

Notes:

- (1) Comprised of Options granted pursuant to the Corporation's Option Plan. All Options vest as to 1/3 per year for a period of 3 years from the date of grant. For a complete description of the terms of the Option Plan, see "*Summary of Stock Option Plan*". Value is based on the grant date fair value of the Options calculated using the Black-Scholes-Merton Method.

Former Directors

The Former Directors did not receive any compensation in the year ended December 31, 2012. All of the options held by the Former Directors vested in connection with the Legacy Transaction and were exercisable for a period of 90 days thereafter. No options were exercised by the Former Directors within this time as all of the options held by the Former Directors at the time of the Legacy Transaction were out of the money.

Outstanding Options

The following table outlines for each Current Director (other than Trent Yanko) all Options outstanding as at December 31, 2012. Only the Current Directors held Options as at December 31, 2012. All Options previously held by the Former Directors expired prior to December 31, 2012. Options held by Jim Welykochy and Chris Bloomer at the time of the Legacy Transaction were continued under the Option Plan, and were consolidated on a 20:1 basis on August 20, 2012 at the time that the common shares of LGX were consolidated.

Name	Number of Shares Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options ⁽¹⁾ (\$)
James Pasieka	60,000	\$1.09	August 29, 2017	-
Neil Roszell	60,000	\$1.09	August 29, 2017	-
Jim Welykochy	60,000 30,000	\$1.09 \$4.00	August 29, 2017 February 8, 2015	- -
Chris Bloomer	60,000 30,000	\$1.09 \$4.00	August 29, 2017 February 8, 2015	- -

Notes:

- (1) Calculated based on the difference between the closing price of \$0.68 per Share on the Exchange on December 31, 2012 and the exercise price of the Options, multiplied by the number of Shares under option.

Incentive Plan Awards – Value Vested

No value was realized by Current or Former Directors through the vesting of Options during the year ended December 31, 2012. All Options held by the Former Directors at the time of the Legacy Transaction were subject to accelerated vesting as a result of the Legacy Transaction. None of these accelerated options were in the money and all expired prior to December 31, 2012. No Options held by Current Directors vested during the year ended December 31, 2012.

INDEBTEDNESS OF DIRECTORS, OFFICERS AND EMPLOYEES

No current or former director, officer or employee of the Corporation was indebted to the Corporation as at the date of this Circular. At no time since the beginning of the financial year ended December 31, 2012 did any director or officer, or any associate of any such director or officer, owe any indebtedness to the Corporation or owe any indebtedness to any other entity which is, or at any time has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the purposes of this Circular, an "informed person" means (i) a director or officer of the Corporation, (ii) a director or officer of a person or company that is itself an informed person, or (iii) any person or company who beneficially owns, directly or indirectly, and/or exercises control or direction over voting securities of the Corporation carrying more than 10% of the voting rights attaching to all outstanding voting securities of the Corporation.

As at December 31, 2012, Legacy owned 16,000,000 common shares of LGX, representing approximately 18% of the outstanding Common Shares. Legacy's shareholdings reflect the receipt of 200,000,000 Pre-Consolidation Shares pursuant to the Legacy Transaction and the acquisition by Legacy of 6,000,000 Common Shares pursuant to the public offering of subscription receipts completed by LGX on November 7, 2012.

On August 2, 2012, the Corporation closed a private placement of 120,000,000 units at a price of \$0.05 per unit for gross proceeds of \$6,000,000. Each unit was comprised of one Pre-Consolidation Share and one warrant exercisable to purchase one Pre-Consolidation Share at an exercise price of \$0.065 for a period of 36 months. Certain of the directors and officers of LGX purchased an aggregate of 34,060,000 units of LGX at a price of \$0.05 per unit pursuant to the private placement.

James Pasioka, a director of LGX, is a partner of the law firm Heenan Blaikie LLP. LGX paid an aggregate of \$332,937 in legal fees to Heenan Blaikie LLP during the year ended December 31, 2012.

On July 5, 2012 in conjunction with the Legacy Transaction, LGX and Legacy entered into the Services Agreement. Two of the directors of LGX, James Pasioka and Trent Yanko, are also directors of Legacy. In addition, all of the executive officers of LGX are also executive officers of Legacy.

Except as disclosed above, since the beginning of the financial year ended December 31, 2012, no informed person of the Corporation, nominee for director of the Corporation, nor any affiliate or associate of any informed person or nominee for director, had any material interest, direct or indirect, in any transaction or proposed transaction which has materially affected or would materially affect the Corporation.

ADDITIONAL INFORMATION AND AVAILABILITY OF FINANCIAL STATEMENTS

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information concerning the Corporation is provided in its financial statements for the year ended December 31, 2012 and the accompanying management's discussion and analysis, which can be accessed under the Corporation's profile on SEDAR at www.sedar.com.

Further information concerning the Audit Committee, including the text of the Audit Committee Charter, is included in the Annual Information Form of the Corporation for the year ended December 31, 2012 dated March 18, 2013 and revised April 2, 2013. A copy of the Annual Information Form is available on SEDAR at www.sedar.com.

The Corporation will mail its annual and interim financial statements and accompanying management's discussion and analysis to any Shareholder who requests them by (i) sending the enclosed return card to the Corporation's agent, Olympia Trust Company, 2300, 125 – 9th Avenue S.E., Calgary, Alberta, T2G 0P6, as directed, or (ii) contacting the Corporation at 4400, 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1, telephone (403) 441-2300.

AUDITORS OF THE CORPORATION

The auditors of the Corporation are PricewaterhouseCoopers LLP, Chartered Accountants, Calgary, Alberta. PricewaterhouseCoopers LLP were appointed auditors on May 3, 2010.

DIRECTORS' APPROVAL

The contents and the sending of this Circular have been approved by the directors.

SCHEDULE A

SECTION 190 OF THE CANADA BUSINESS CORPORATIONS ACT

Right to dissent

190. (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
- (b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;
- (c) amalgamate otherwise than under section 184;
- (d) be continued under section 188;
- (e) sell, lease or exchange all or substantially all its property under subsection 189(3); or
- (f) carry out a going-private transaction or a squeeze-out transaction.

Further right

(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

If one class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Payment for shares

(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the

resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

Notice of resolution

(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

Demand for payment

(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

Share certificate

(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Forfeiture

(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

Endorsing certificate

(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

Suspension of rights

(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

- (a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),
- (b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or

(c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

(a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Same terms

(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

Payment

(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Corporation may apply to court

(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court

(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

Venue

(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

No security for costs

(18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

Parties

(19) On an application to a court under subsection (15) or (16),

(a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and

(b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

Powers of court

(20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers

(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest

(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that subsection (26) applies

(24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where subsection (26) applies

(25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

(a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Limitation

(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.