The following management discussion and analysis ("MD&A"), as provided by the management of LGX Oil + Gas Inc. ("LGX" or the "Company") (formerly known as Bowood Energy Inc.) of the financial condition and performance of LGX/SA Assets for the three and nine months ended September 30, 2012, as described below, as of November 8, 2012, is to be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes for the for the period ended September 30, 2012 and the audited carve-out financial statements of Legacy Oil + Gas Inc.'s Southern Alberta Assets for the year ended December 31, 2011 and notes thereto. The Company prepares its financial statements in accordance with International Financial Reporting Standards and interpretations (collectively referred to as "IFRS") as issued by the International Accounting Standards Board ("IASB"). All tabular amounts are stated in Canadian dollars unless indicated otherwise.

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

On July 5, 2012, the shareholders of LGX approved the previously announced strategic transaction with Legacy Oil + Gas Inc. ("Legacy") whereby Legacy sold certain undeveloped land in southern Alberta ("Legacy Oil + Gas Inc.'s Southern Alberta Assets" or "SA Assets") to LGX in exchange for 10,000,000 post-consolidation (200,000,000 pre-consolidation) common shares of LGX (the "Asset Purchase"). Following completion of the Asset Purchase:

- LGX had 474,933,373 pre-consolidation common shares outstanding, 42.1% of which were owned by Legacy;
- The former officers of LGX resigned and were replaced by Trent Yanko as President and Chief Executive Officer, Matt Janisch as Vice-President, Finance and Chief Financial Officer and Mark Franko as Corporate Secretary;
- The board of directors of LGX was reconstituted;
- Legacy and LGX entered into a management, technical and administrative services agreement ("Services Agreement") whereby LGX will be managed by Legacy's current management team and staff, in exchange for a monthly fee; and
- The LGX shareholders approved a proposed name change to LGX Oil + Gas Inc. from Bowood Energy Inc. and a consolidation of the LGX common shares on a 20 to 1 basis.

In accordance with IFRS 3, *Business Combinations*, and the guidance provided by IAS 27, *Consolidation and Separate Financial Statements*, the SA Assets was identified as the accounting "acquirer" – being the entity that obtains control of the acquiree, LGX.

Following the Asset Purchase, control was determined as follows:

- Legacy holds the single largest ownership interest in LGX and other ownership interests are comparatively dispersed. Total voting participation at the July 5, 2012 shareholder's meeting was approximately 33 percent of the shares outstanding. After the closing of the strategic transaction, this would constitute approximately 14 percent of the total shares whereas Legacy's ownership would constitute 33 percent of the total shares outstanding.
- Legacy is engaged as an independent contractor to perform technical, corporate, regulatory, administrative and asset management services to permit LGX to operate, maintain and develop LGX's assets.
- The new management of LGX holds the same positions with Legacy; and
- Two of the five directors of LGX are also directors of Legacy including the chairman of the board of LGX, James Pasieka.

Alone, not one of these factors would demonstrate that Legacy has control of LGX, however, combined as a whole, these factors indicate that the power to dictate the financial and operating policies of the entity as to obtain benefits from its activities lies within the ownership of the SA Assets (i.e. Legacy) and thus the SA Assets are identified as the acquirer in this scenario. As a result of such consideration, a change in control was deemed to have occurred and the Asset Purchase will be accounted for as a reverse acquisition under IFRS 3 and the accounting policies will be consistent with those as disclosed in the audited consolidated financial statements of Legacy as at and for the year ended December 31, 2011.

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

Non-IFRS Measures

The MD&A contains the term funds generated by operations, which should not be considered an alternative to, or more meaningful than cash flow from operating activities as determined in accordance with IFRS as an indicator of the Company's performance. LGX's determination of funds generated by operations may not be comparable to that reported by other companies. The Company also presents funds generated by operations per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of earnings per share.

Funds generated by operations is calculated based on cash flow from operating activities before changes in non–cash working capital and transaction costs. Funds generated by operations per share–diluted is calculated based on cash flow from operating activities before changes in non-cash working capital from operating activities and transaction costs. Funds generated by (used in) operations as presented is not intended to represent cash flow from operating activities, net income (loss) or other measures of financial performance calculated in accordance with IFRS.

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

	Three Months Ended September 30			Nine Months Ended September 30		
($)	**2012**	**2011**	**% change**	**2012**	**2011**	**% change**
Cash flow from operating activities	(4,321,034)	(15,028)	(28,653)	(4,092,697)	(52,595)	(7,682)
Transaction costs	1,025	-	n/a	1,025	-	n/a
Changes in non-cash working capital	3,974,662	-	n/a	3,953,227	-	n/a
Funds generated by (used in) operations	(345,347)	(15,028)	(2,198)	(138,445)	(52,595)	(163)

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

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

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

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

Forward-Looking Information – This MD&A and the accompanying President's Message contain forward-looking statements. More particularly, they contain forward-looking statements concerning LGX's planned exploration and development activities and the sufficiency of internal funds flow from operations, combined with available credit facilities, to fund operating, interest and general and administrative expenses.

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

Although LGX believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because LGX can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), constraint in the availability of services, commodity price and exchange rate fluctuations, adverse weather conditions and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. These and other risks are set out in more detail in this MD&A under the heading "Risk Assessment" and in LGX's Annual Information Form for the year ended December 31, 2011 dated April 20, 2012.

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

RESULTS OF OPERATIONS

Production

	Three Months Ended September 30			Nine Months Ended September 30		
	2012	2011	% change	2012	2011	% change
Daily Production						
Crude oil and natural gas liquids (Bbls per day)	95	-	n/a	50	-	n/a
Natural gas (Mcf per day)	1,939	-	n/a	651	-	n/a
Total (Boe per day)	418	-	n/a	158	-	n/a

For the three months ended September 30, 2012, LGX's production was 418 Boe per day. Crude oil and natural gas production was 95 Bbls per day while natural gas production was 1,939 Mcf per day during the three months ended September 30, 2012.

Average production for the nine months ended September 30, 2012 was 158 Boe per day. Crude oil production was 50 Boe per day for the nine months ended September 30, 2012. Natural gas production was 651 Mcf per day for the nine months ended September 30, 2012.

During the three and nine months ended September 30, 2012, the Company drilled 1 gross (1 net) oil wells with a 100 percent drilling success rate.

Realized Commodity Prices

	Three Months Ended September 30			Nine Months Ended September 30		
	2012	2011	% change	2012	2011	% change
Daily Average Benchmark Prices						
Crude oil – WTI (US$ per Bbl)	92.19	89.81	3	96.20	95.52	1
Crude oil – WTI ($ per Bbl)	91.72	87.95	4	96.39	93.37	3
Crude oil – Edmonton Par ($ per Bbl)	84.72	93.25	(9)	87.30	94.84	(8)
Natural gas – AECO-C Spot ($ per Mcf)	2.20	3.76	(41)	2.22	3.79	(41)
Exchange rate – (US/CAD)	1.005	1.021	(2)	0.998	1.023	(2)
LGX's average realized prices						
Crude oil and natural gas liquids ($ per Bbl)	75.46	-	n/a	80.61	-	n/a
Natural gas ($ per Mcf)	2.19	-	n/a	2.19	-	n/a
Barrels of oil equivalent ($ per Boe)	27.32	-	n/a	34.55	-	n/a

LGX's realized price for its crude oil and natural gas liquids sales in the third quarter of 2012 was $75.46 per Bbl (2011 – n/a) compared to a WTI price of Canadian $91.72 per Bbl (2011 - $87.95 per Bbl). LGX's oil production is light sweet crude produced in southern Alberta. For 2012 year-to-date, LGX's realized price for its crude oil and natural gas liquids sales was $80.61 (2011 – n/a) compared to a WTI price of Canadian $96.39 per Bbl (2011 - $93.37 per Bbl).

For the third quarter of 2012, the Company's realized price for its natural gas was $2.19 per Mcf (2011 – n/a) and for 2012 year-to-date LGX's realized price for its natural gas sales was $2.19 per Mcf (2011 – n/a). LGX's natural gas production is produced in southern Alberta.

Revenue

	Three Months Ended September 30			Nine Months Ended September 30		
($, except per Boe and percent amounts)	**2012**	**2011**	**% change**	**2012**	**2011**	**% change**
Petroleum and natural gas sales by product						
Crude oil and natural gas liquids	659,509	-	n/a	1,104,398	-	n/a
Natural gas	391,132	-	n/a	391,132	-	n/a
Total petroleum and natural gas sales	1,050,641	-	n/a	1,495,530	-	n/a
$ per Boe	27.32	n/a	n/a	34.55	n/a	n/a
Royalties						
Royalty expenses	186,020	-	n/a	224,726	-	n/a
$ per Boe	4.84	n/a	n/a	5.19	n/a	n/a
% of petroleum and natural gas sales	17.7	-	n/a	15.0	-	n/a
Revenue						
Petroleum and natural gas sales, net of royalties	864,621	-	n/a	1,270,804	-	n/a
$ per Boe	22.48	n/a	n/a	29.36	n/a	n/a

For the three months ended September 30, 2012, LGX's petroleum and natural gas sales were $1.1 million. For 2012 year-to-date, LGX's petroleum and natural gas sales were $1.5 million.

Royalty expenses consist of royalties paid to provincial governments, freehold landowners and overriding royalty owners. For the three months ended September 30, 2012, total royalties were $186,020. The Company's average royalty rate for the three months ended September 30, 2012 was 17.7 percent. Royalties are calculated and paid based on commodity revenue, net of associated transportation costs, well productivity and before any commodity hedging gains or losses.

For the nine months ended September 30, 2012, total royalties were $224,726. The Company's average royalty rate for the nine months ended September 30, 2012 was 15.0 percent.

Operating and Transportation Expenses

	Three Months Ended September 30			Nine Months Ended September 30		
($, except per Boe amounts)	**2012**	**2011**	**% change**	**2012**	**2011**	**% change**
Operating expenses	463,674	7,246	6,299	639,132	21,816	2,830
$ per Boe	12.06	n/a	n/a	14.76	n/a	n/a
Transportation expenses	42,764	-	n/a	54,004	-	n/a
$ per Boe	1.11	n/a	n/a	1.25	n/a	n/a
Total operating costs	506,438	7,246	6,889	693,136	21,816	3,077
$ per Boe	13.17	n/a	n/a	16.01	n/a	n/a

Total operating costs during the third quarter of 2012 were $0.5 million, a 6,889 percent increase, compared to $7,246 during the same period in 2011. The increase in total operating costs is attributable to production volumes as there was no production in SA Assets for the same period in the prior year. On a per Boe basis, operating expenses for the three months ended September 30, 2012 were $12.06. On a per Boe basis, transportation expenses for the three months ended September 30, 2012 were $1.11. Total operating costs (including operating and transportation expenses) on a per Boe basis were 13.17.

Total operating costs during the nine months ended September 30, 2012 were $0.7 million, a 3,077 percent increase, compared to $21,816 during the same period in 2011. The increase in total operating costs is attributable to the increased production volumes. On a per Boe basis, operating expenses for the nine months ended September 30, 2012 were $14.76. On a per Boe basis, transportation expenses for the nine months ended September 30, 2012 were $1.25. Total operating costs (including operating and transportation expenses) on a per Boe basis were $16.01.

Exploration and Evaluation Expenses

During the three months ended September 30, 2012, the Company recorded $nil of exploration and evaluation expenses compared to $67,874 in the same period in the prior year. During the nine months ended September 30, 2012, the Company recorded $nil of exploration and evaluation expenses compared to $1.9 million in the same period in the prior year.

Depletion and Depreciation

For the three month period ended September 30, 2012, depletion and depreciation expense was $321,938. On a per Boe basis, depletion and depreciation for the third quarter of 2012 was $8.37.

For the nine month period ended September 30, 2012, depletion and depreciation expense was $321,938. On a per Boe basis, depletion and depreciation for the nine months ended September 30, 2012 was $7.42.

Share-based Payments

For the three months ended September 30, 2012, the Company expensed $51,475 in share-based payments related to outstanding stock options compared to $15,556 for the same period in the prior year. This increase is primarily due to new stock options granted in the third quarter of 2012.

For the nine months ended September 30, 2012, the Company expensed $63,876 in share-based payments related to outstanding stock options compared to $60,988 for the same period in the prior year. This increase is primarily due to new stock options granted in the third quarter of 2012.

General and Administrative Expenses

	Three Months Ended September 30			Nine Months Ended September 30		
($, except per Boe amounts)	**2012**	**2011**	**% change**	**2012**	**2011**	**% change**
General and administrative expenses	765,128	7,782	9,732	777,711	30,779	2,427
Recoveries	(3,842)	-	n/a	(3,842)	-	n/a
Capitalized general and administrative expenses	(75,150)	-	n/a	(75,150)	-	n/a
Total net general and administrative expenses	686,136	7,782	8,717	698,719	30,779	2,170
$ per Boe	17.84	n/a	n/a	16.14	n/a	n/a

During the third quarter of 2012, net general and administrative expenses ("G&A") increased 8,717 percent to $0.7 million compared to $7,782 in the same period in 2011. On a per Boe basis, the G&A expense was $17.84 per Boe for the three months ended September 30, 2012. Net G&A for the quarter was comprised of $765,128 (2011 - $7,782) in general and administrative expenses less $3,842 (2011 - $nil) in recoveries and $75,150 (2011 - $nil) in capitalized G&A.

For the nine months ended September 30, 2012, net general and administrative expenses ("G&A") increased 2,170 percent to $698,718 compared to $30,779 in the same period in 2011. On a per Boe basis, the G&A expense was $16.14 per Boe for the nine months ended September 30, 2012. Net G&A for the nine months ending September 30, 2012 was comprised of $777,711 (2011 - $30,779) in general and administrative expenses less $3,842 (2011 - $nil) in recoveries and $75,150 (2011 - $nil) in capitalized G&A.

Finance Costs

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

During the third quarter of 2012, interest and finance charges increased 1,362 percent to $35,166 compared to $2,405 for the same period in 2011. The increase in interest and finance charges during the quarter was due to higher average bank debt compared to the same period in the prior year. During the third quarter of 2012, accretion on decommissioning liabilities was $17,772.

For 2012 year-to-date, interest and finance charges increased 691 percent to $41,906 compared to $5,301 for the same period in 2011. The increase in interest and finance charges during the quarter was due to higher average bank debt compared to the same period in the prior year. For the nine months ended September 30, 2012, accretion on decommissioning liabilities was $24,512.

Other Expenses and Other Loss (Income)

For the three and nine months ended September 30, 2012, the Company incurred transaction costs of $1,025. The transaction costs incurred during the third quarter of 2012 related mainly to the initial costs on the SA Assets reverse acquisition of LGX.

During the three and nine months ended September 30, 2012, the Company recorded a $10.8 million gain on the SA Assets reverse acquisition of LGX. The gain was a result of $28.7 million in net assets acquired for consideration of $17.9 million (13,746,669 post-consolidation common shares at the closing price of $1.30 per common share at July 5, 2012). At the announcement date of May 14, 2012 of the SA Assets reverse acquisition of LGX, the share price was $2.40 (post-consolidation price).

Income Taxes

A deferred income tax recovery of $188,237 was recorded for both the three and nine month periods ended September 30, 2012, resulting in an effective deferred income tax recovery rate of approximately -2% for both periods. An income tax recovery was recorded in both periods even though the Company reported net income before income tax in both periods. The deferred income tax recovery is mainly attributable to the non-taxable other income recorded as part of the reverse acquisition, offset in part by non-deductible expenditures for income tax purposes (including share-based payments). No deferred income tax expense or recovery was recorded in the same periods of the prior year.

Net Income (Loss) and Funds Generated by Operations

For the quarter ended September 30, 2012, net income of $10.1 million was realized compared to a net loss of $100,863 during the same period in 2011. The Company realized net income in the third quarter of 2012 compared to a net loss in the same period in the prior year due to the $10.8 million gain as a result of SA Assets reverse acquisition of LGX. Basic and diluted net earnings per share for the third quarter of 2012 were $0.38. Funds used in operations decreased 2,198 percent to $345,347 for the three months ended September 30, 2012, compared to $15,028 during the same period in 2011. Basic and diluted funds used in operations per share for the third quarter of 2012 were $0.01.

For 2012 year-to-date, net income of $10.3 million was realized compared to a net loss of $2.0 million during the same period in 2011. The Company realized net income in the nine months ended September 30, 2012 compared to a net loss in the same period in the prior year due to the $10.8 million gain as a result of the SA Assets reverse acquisition of LGX. Basic and diluted net earnings per share for the 2012 year-to-date were $1.16. Funds used in operations decreased 163 percent to $138,445 for the nine months ended September 30, 2012, compared to $52,595 during the same period in 2011. Basic and diluted funds used in operations per share for the first nine months of 2012 were $0.02.

The following table summarizes the netbacks on a per Boe basis for the three and nine months ended September 30, 2012 and 2011:

	Three Months Ended September 30			Nine Months Ended September 30		
($ per Boe)	**2012**	**2011**	**% change**	**2012**	**2011**	**% change**
Petroleum and natural gas sales	27.32	n/a	n/a	34.55	n/a	n/a
Royalties	(4.84)	n/a	n/a	(5.19)	n/a	n/a
Revenue	22.48	n/a	n/a	29.36	n/a	n/a
Operating expenses	(12.06)	n/a	n/a	(14.76)	n/a	n/a
Transportation expenses	(1.11)	n/a	n/a	(1.25)	n/a	n/a
Operating netback	9.31	n/a	n/a	13.35	n/a	n/a
Exploration and evaluation expenses (cash portion)	-	n/a	n/a	-	n/a	n/a
General and administrative expenses	(17.84)	n/a	n/a	(16.14)	n/a	n/a
Financing costs – Interest expense and finance charges	(0.45)	n/a	n/a	(0.40)	n/a	n/a
Realized gain on foreign exchange	-	n/a	n/a	-	n/a	n/a
Decommissioning liabilities settled	-	n/a	n/a	-	n/a	n/a
Funds generated by operations	(8.98)	n/a	n/a	(3.19)	n/a	n/a

SUMMARY OF QUARTERLY RESULTS

The table below contains third quarter 2012 results as well as comparisons to the previous six quarterly results for the Company:

	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1
Financial							
($, except per share amounts)							
Petroleum and natural gas sales	1,050,641	125,412	319,477	104,061	-	-	-
Petroleum and natural gas sales, net of royalties	864,621	116,196	289,987	87,925	-	-	-
Funds generated by operations	(345,347)	38,286	168,616	26,966	(15,028)	(19,823)	(17,744)
- Per share basic	(0.01)	-	-	-	-	-	-
- Per share diluted	(0.01)	-	-	-	-	-	-
Net Income (Loss)	10,254,593	29,498	158,263	(66,089)	(100,863)	(1,035,290)	(841,739)
- Per share basic	0.38	-	-	-	-	-	-
- Per share diluted	0.38	-	-	-	-	-	-
Capital expenditures (excluding acquisitions)	1,418,395	35,446	1,110,275	6,061,593	7,629,923	7,744,402	2,040,149
Net acquisitions (cash consideration)	-	-	-	-	-	-	-
Net debt and working capital surplus (deficit)	(5,043,920)	(32,065)	(561,482)	(3,466,967)	(3,796,297)	(4,267,392)	(1,439,620)
Total Assets	76,967,098	36,461,424	36,632,345	38,803,877	30,717,196	21,723,144	14,872,674
Operating							
Production							
- Crude oil and natural gas liquids (Bbls per day)	95	16	38	12	-	-	-
- Natural gas (Mcf per day)	1,939	-	-	-	-	-	-
- Total daily production (Boe per day)	418	16	38	12	-	-	-
- Increase/(Decrease) over prior quarter	2513%	(58%)	217%	n/a	n/a	n/a	n/a
Average realized price							
- Crude oil and natural gas liquids ($ per Bbl)	75.46	86.55	91.61	97.80	n/a	n/a	n/a
- Natural gas ($ per Mcf)	2.19	n/a	n/a	n/a	n/a	n/a	n/a
- Barrels of oil equivalent ($ per Boe)	27.32	86.55	91.61	97.80	n/a	n/a	n/a
Netback ($ per Boe)							
- Petroleum and natural gas sales	27.33	86.55	91.61	97.80	n/a	n/a	n/a
- Royalties	4.84	6.36	8.46	15.17	n/a	n/a	n/a
- Operating expenses	12.06	47.12	30.73	44.08	n/a	n/a	n/a
- Transportation expenses	1.11	2.02	2.39	3.22	n/a	n/a	n/a
- Operating netback	9.32	31.05	50.03	35.33	n/a	n/a	n/a

SUMMARY OF HISTORICAL QUARTERLY RESULTS of LGX/BOWOOD

The chart below summarizes the third quarter 2012 results of LGX, subsequent to the reverse acquisition on July 5, 2012, as well as the quarterly results of LGX/Bowood for the seven quarters prior to the common-control transaction and reverse acquisition at July 5, 2012.

		LGX/Bowood results prior to the reverse acquisition						
	2012 Q3	**2012 Q2**	**2012 Q1**	**2011 Q4**	**2011 Q3**	**2011 Q2**	**2011 Q1**	**2010 Q4**
Financial								
($, except per share amounts)								
Petroleum and natural gas sales	1,050,641	1,155,040	1,551,799	1,855,678	1,575,360	1,332,199	1,586,564	1,095,671
Petroleum and natural gas sales, net of royalties	864,621	947,368	1,250,154	1,692,935	1,449,765	1,242,842	1,394,092	994,485
Funds generated by operations	(345,347)	(447,380)	141,236	294,684	292,563	104,949	314,314	317,249
- Per share basic	(0.01)	(0.03)	0.01	0.02	0.02	0.01	0.02	-
- Per share diluted	(0.01)	(0.03)	0.01	0.02	0.02	0.01	0.02	-
Net Income (Loss)	10,254,593	(1,565,810)	(822,455)	(12,276,692)	(1,213,387)	134,238	(663,824)	(75,148)
- Per share basic	0.38	(0.11)	(0.06)	(0.89)	(0.09)	0.01	(0.04)	-
- Per share diluted	0.38	(0.11)	(0.06)	(0.89)	(0.09)	0.01	(0.04)	-
Capital expenditures (excluding acquisitions)	1,418,395	182,828	356,457	2,159,483	4,759,425	2,878,030	1,564,134	9,341,000
Net debt and working capital surplus (deficit)	(5,043,920)	(5,125,595)	(4,500,560)	(4,280,792)	(2,147,171)	2,318,300	4,428,561	5,552,955
Total Assets	76,967,098	43,228,188	44,950,952	45,126,885	59,273,426	59,713,837	57,307,136	50,784,334
Operating								
Production								
- Crude oil and natural gas liquids (Bbls per day)	95	108	131	115	88	55	109	38
- Natural gas (Mcf per day)	1,939	2,260	2,600	2,905	2,753	2,258	2,290	2,522
- Total daily production (Boe per day)	418	485	564	600	547	431	490	458
- Increase/(Decrease) over prior quarter	(14%)	(14%)	(6%)	10%	27%	(12%)	7%	(11%)
Average realized price								
- Crude oil and natural gas liquids ($ per Bbl)	75.46	76.34	86.03	91.19	77.41	96.51	78.58	70.05
- Natural gas ($ per Mcf)	2.19	1.97	2.22	3.33	3.75	4.13	3.96	3.67
- Barrels of oil equivalent ($ per Boe)	27.32	26.17	30.24	33.62	31.30	33.97	35.98	26.00
Netback ($ per Boe)								
- Petroleum and natural gas sales	27.33	26.17	30.24	33.62	31.30	33.97	35.98	26.00
- Royalties	4.84	4.71	5.87	2.95	2.50	2.28	4.36	2.32
- Operating expenses	12.06	12.95	11.09	12.63	13.52	14.76	12.32	9.03
- Transportation expenses	1.11	n/a	n/a	n/a	n/a	n/a	n/a	n/a
- Operating netback	9.32	8.51	13.28	18.04	15.28	16.93	19.30	14.65

CAPITAL EXPENDITURES

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

	Three Months Ended September 30			Nine Months Ended September 30		
($)	2012	2011	% change	2012	2011	% change
Property, plant and equipment additions	3,522	-	n/a	3,522	-	n/a
Exploration and evaluation asset additions	1,407,474	7,629,923	(82)	2,553,195	17,414,474	(85)
Total capital expenditures excluding acquisitions	1,410,996	7,629,923	(82)	2,556,717	17,414,474	(85)
Net acquisitions (cash portion)	-	-	n/a	-	-	-
Total capital expenditures including net acquisitions (cash portion)	1,410,996	7,629,923	(82)	2,556,717	17,414,474	(85)

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

	Three Months Ended September 30			Nine Months Ended September 30		
($)	2012	2011	% change	2012	2011	% change
Land acquisitions and retention	151,673	2,190,997	(93)	168,203	4,269,983	(96)
Geological and geophysical	744,630	6,938	1,063	771,480	443,225	74
Drilling and completions	462,752	5,404,713	(91)	1,485,215	12,673,991	(88)
Equipping and facilities	(23,209)	27,275	(185)	56,669	27,275	108
Capitalized general and administrative expenses	75,150	-	n/a	75,150	-	n/a
Other	-	-	n/a	-	-	n/a
Total capital expenditures excluding net acquisitions	1,410,996	7,629,923	(82)	2,556,717	17,414,474	(85)

Subsequent to the SA Assets common-control transaction and reverse acquisition of LGX on July 5, 2012, the Company issued no common shares as part consideration for net acquisitions. SA Assets had no issued and outstanding share capital for the nine months ended September 31, 2011.

CAPITALIZATION AND CAPITAL RESOURCES

Share Capital

	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
Outstanding Common Shares				
Weighted average Common Shares outstanding (1)				
- Basic	26,887,462	-	9,027,907	-
- Diluted	26,887,462	-	9,027,907	-

	September 30 2012
Outstanding Securities	
- Common Shares	30,278,660
- Common Share Warrants	6,000,000
- Common Share Options	2,421,000

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

Total Market Capitalization

The Company's equity market capitalization at September 30, 2012 was $30.3 million.

	September 30, 2012
Common Shares Outstanding	30,278,660
Share Price (1)	$1.00
Total Market Capitalization	$30,278,660

(1) Represents the last price traded on the TSX Venture Exchange ("TSX-V") on September 30, 2012

There is a significant difference between the Company's net assets and market capitalization as at September 30, 2012. Management believes that the market capitalization of the Company continues to be dominated by external factors such as overall market confidence, Eurozone debt concerns and global liquidity issues.

As at November 8, 2012, the Company had 88,658,427 common shares outstanding.

Liquidity and Capital Resources

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

Currently, the Company has a $7.0 million revolving term demand credit facility. The credit facility provides that advances be made by way of direct advances, bankers' acceptances or letters of guarantee. Direct advances bear interest at the bank's prime lending rate plus 0.75%. Security for the credit facility is provided by a $35 million demand debenture secured by a first floating charge on all assets.

The Company's bank indebtedness does not have a specific maturity date as it is a demand facility. This means that the lender has the ability to demand repayment of all outstanding indebtedness or a portion thereof at any time. If that were to occur the Company would be required to source alternate credit facilities or sell assets to repay the indebtedness. The Company reduces this risk by complying with the covenants of the credit facility agreement and maintaining a minimal balance on the facility. The covenants require maintaining a current ratio of not less than 1.0:1.0. At September 30, 2012, this ratio was 1.3:1.0.

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

($)	**As at September 30 2012**	**As at December 31 2011**
Capital resources		
Bank debt available	6,971,535	-
Working capital (deficit)	(5,043,920)	(3,466,967)
Total capital resources available	1,927,615	(3,466,967)

ACCOUNTING POLICIES AND ESTIMATES

The unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2012 have been prepared using the same accounting policies and methods as those used in Legacy Oil + Gas Inc. – Southern Alberta Assets' audited consolidated financial statements for the year ended December 31, 2011.

A summary of the significant accounting policies used by LGX can be found in Note 3 of the unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2012. Note 2 of Legacy Oil + Gas Inc. – Southern Alberta Assets' audited condensed interim consolidated financial statements for the year ended December 31, 2011 discloses a summary of the areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements.

MANAGEMENT'S DISCUSSION + ANALYSIS

RISK ASSESSMENT

There are a number of risks facing participants in the Canadian oil and gas industry. Some of the risks are common to all businesses while others are specific to a sector. The general and specific risks to which the Company is exposed have been described in the Company's MD&A for the year ended December 31, 2011. In addition, LGX is also subject to other risks and uncertainties which are described in the Company's Annual Information Form dated April 20, 2012.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures as at September 30, 2012. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as at September 30, 2012 to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, would be made known to them.

There have been no changes in the Company's internal controls over financial reporting that occurred during the most recent three months ended September 30, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

It should be noted that while the officers believe that the Company's controls provide a reasonable level of assurance with regard to their effectiveness, they do not expect that the disclosure controls and procedures or internal controls over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable but not absolute assurance that the objectives of the control system are met.

OUTSTANDING SHARE DATA

Common Shares

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

As at September 30, 2012, a total of 30,278,660 common shares were issued and outstanding. In addition, a total of 2,421,000 stock options to acquire common shares and 6,000,000 warrants to acquire common shares were outstanding.

RELATED PARTY TRANSACTIONS

Refer to Note 5 of the unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2012 for a description of the SA Assets common-control transaction as well as the reverse acquisition of LGX by SA Assets.

On July 5, 2012, Legacy and the Company entered into a management, technical and administrative services agreement whereby the Company will be managed by Legacy's current management team and staff, in exchange for a monthly fee of $167,000. Under the terms of the Services Agreement, Legacy invoiced the Company $526,050 during the nine months ended September 30, 2012. At September 30, 2012, the outstanding balance payable to Legacy, recorded as trade accounts payable was $526,050. The management fee charged to the Company by Legacy is for the provision of management and administrative services and is intended to cover the cost of administrative expense and salary costs paid by Legacy.

In relation to capital and operations activity prior to and subsequent to the reverse acquisition, the Company had a net trade payable to Legacy of $2.4 million as at September 30, 2012 (December 30, 2011 - $nil), which included the management fee discussed above.

Subsequent to the reverse acquisition, the Company incurred fees of $98,981 for corporate and legal services rendered by a law firm for the period ended September 30, 2012 of which $68,356 was payable at September 30, 2012. During the nine months ended September 30, 2012 up to reverse acquisition, the SA Assets did not incur any fees rendered by this firm (2011 – $nil). A board member and the Corporate Secretary are partners of the firm. These fees were incurred in the normal course of business under the same terms and conditions as transactions with unrelated companies. All related party transactions are measured at the exchange amount and settled in cash.

COMMITMENTS AND CONTINGENGIES

Drilling commitments

The Company is committed to drill a minimum of 2 vertical wells on its Alberta Bakken properties located on the lands of the Blood Tribe First Nation in each of the years ending September 30, 2013, 2014 and 2015, to a minimum of 1,000 metres total depth or 5 metres into the Devonian formation, whichever first occurs.

Services Agreement

Legacy and LGX entered into a management, technical and administrative services agreement whereby LGX will be managed by Legacy's current management team and staff, in exchange for a monthly fee of $167,000.

EVENTS AFTER THE REPORTING PERIOD

On November 7, 2012, the Company announced that it had closed on a bought deal financing, with a syndicate of underwriters for an offering of 49,500,000 subscription receipts at a price of $0.86 each and 4,810,000 common shares issued on a flow-through basis at a price of $1.04 each to raise gross proceeds of $47,572,000. The Company will grant the underwriters an option to purchase an additional 7,425,000 Subscription Receipts exercisable at the offering price for a period of 30 days from the closing date for additional gross proceeds of approximately $6,385,500.

On November 7, 2012, the Company acquired operated producing oil assets in the Manyberries area of southern Alberta, consisting of light oil production, reserves and undeveloped land. The Company paid $42.5 million in cash and issued 4.07 million common shares to the vendor pursuant to the acquisition.

Management expects that the proceeds from the financing as well as expected cash flows from the Manyberries properties will result in the Company no longer being considered a going concern risk at December 31, 2012 as per Note 1 of the Financial Statements.

Subsequent to the quarter end, LGX's board of directors approved the following appointments; Curt Labelle, Vice President – Production, Dale Mennis, Vice President – Land, Mark Oliver, Vice President – Exploration, Bill Wee, Vice President – Operations, and Curt Ziemer, Vice President – Accounting.

ADDITIONAL INFORMATION

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