FINANCIAL + OPERATIONAL HIGHLIGHTS (1)

Financial + Operational Highlights below present the historic financial position, results of operations and cash flows of Legacy Oil + Gas Inc.'s Southern Alberta Assets ("SA Assets") for all prior periods up to and including July 5, 2012 and the results of operation from July 5, 2012 forward to include both the SA Assets and LGX Oil + Gas Inc. (referred to collectively with its subsidiaries as "LGX" or the "Company"), unless otherwise indicated. Refer to page 12 of the Management's Discussion and Analysis of LGX Oil + Gas Inc. for the third quarter of 2012 for a comparison against prior quarters of Bowood Energy Inc.

	Three Months Ended September 30			Nine Months Ended September 30		
Unaudited (Cdn $, except per share amounts)	**2012**	**2011**	**% change**	**2012**	**2011**	**% change**
Financial						
Petroleum and natural gas sales, net of royalties	864,621	-	n/a	1,270,804	-	n/a
Funds generated by (used in) operations (2)	(345,347)	(15,028)	(2,198)	(138,445)	(52,595)	(163)
Per share basic	(0.01)	n/a	n/a	(0.02)	n/a	n/a
Per share diluted (3)	(0.01)	n/a	n/a	(0.02)	n/a	n/a
Net income (loss)	10,254,593	(100,863)	10,267	10,442,354	(1,977,892)	628
Per share basic	0.38	n/a	n/a	1.16	n/a	n/a
Per share diluted (3)	0.38	n/a	n/a	1.16	n/a	n/a
Capital expenditures (excluding acquisitions)	1,410,996	7,629,923	(82)	2,556,717	17,414,474	(85)
Net debt and working capital surplus (deficit) (2)	(5,043,920)	(3,796,297)	(33)	(5,043,920)	(3,796,297)	(33)
Operating						
Production						
Crude oil and natural gas liquids (Bbls per day)	95	-	n/a	50	-	n/a
Natural gas (Mcf per day)	1,939	-	n/a	651	-	n/a
Barrels of oil equivalent (Boe per day) (4)	418	n/a	n/a	158	n/a	n/a
Average realized price						
Crude oil and natural gas liquids ($ 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) (4)	27.32	n/a	n/a	34.55	n/a	n/a
Netback ($ per Boe) (2)						
Petroleum and natural gas sales	27.32	-	n/a	34.55	-	n/a
Royalties	4.84	-	n/a	5.19	-	n/a
Operating expenses	12.06	-	n/a	14.76	-	n/a
Transportation expenses	1.11	-	n/a	1.25	-	n/a
Operating Netback ($ per Boe) (2)	9.31	n/a	n/a	13.35	n/a	n/a
Undeveloped land holdings (gross acres)	217,334	88,405	146	217,334	88,405	146
(net acres)	184,165	62,624	194	184,165	62,624	194
Common Shares (000's)						
Common shares outstanding, end of period	30,279	-	n/a	30,279	-	n/a
Weighted average common shares (basic)	26,887	-	n/a	9,028	-	n/a
Weighted average common shares (diluted) (3)	26,887	-	n/a	9,028	-	n/a

(1) The reader is cautioned that the Financial + Operational Highlights above present the historic financial position, results of operations and cash flows of Legacy Oil + Gas Inc.'s Southern Alberta Assets ("SA Assets") for all prior periods up to and including July 5, 2012 and the results of operations from July 5, 2012 forward include both the SA Assets and LGX Oil + Gas Inc. (referred to collectively with its subsidiaries as "LGX" or the "Company"), unless otherwise indicated. Refer to the common-control transaction and reverse acquisition in the Management's Discussion and Analysis "(MD&A") of LGX Oil + Gas Inc. for the third quarter of 2012 and unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2012. For a comparison of the quarter to prior quarters of Bowood Energy Inc., refer to page 12 of the MD&A of LGX Oil + Gas Inc. for the third quarter of 2012.

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

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

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

PRESIDENT’S MESSAGE

ACCOMPLISHMENTS

- Closed the purchase from Legacy Oil + Gas Inc. (“Legacy”) of the SA Assets, comprised of 68,581 net acres of undeveloped land in southern Alberta for 200,000,000 pre-consolidation common shares. In conjunction with the asset purchase, the Company’s management team was replaced with members from Legacy and the board of directors was reconstituted.
- Average production of 418 Boe per day in the third quarter of 2012.
- Decreased operating cost per Boe from $13.52 per Boe in the third quarter of 2011 to $12.06 per Boe in the third quarter of 2012 (11 percent decrease).
- Issued 120,000,000 units (“Units”) at a price of $0.05 per Unit pursuant to a brokered private placement for net proceeds of approximately $5.7 million. Each Unit was comprised of one pre-consolidation common share and one share purchase warrant (“Warrant”) entitling the holder to purchase one pre-consolidation common share at a price of $0.065 per share for a period of three years.
- Completed a rights offering to its shareholders resulting in the issuance of an additional 10,639,827 pre-consolidation common shares for net proceeds of approximately $532,000. Legacy was not entitled to participate in the rights offering with respect to the shares held by it.
- Shareholders approved a proposed name change to LGX Oil + Gas Inc. from Bowood Energy Inc. and a consolidation of outstanding common shares on a 20 to 1 basis. This name change and consolidation of shares was completed effective as of August 20, 2012.
- Increased lending value on the credit facility from $5.7 million to $7.0 million.

OPERATIONS OVERVIEW

Strategic Transaction

On July 5, 2012, the shareholders of the Company approved the previously announced strategic transaction with Legacy whereby Legacy sold the SA Assets in exchange for 200,000,000 pre-consolidation common shares of the Company (the “Asset Purchase”). Following completion of the Asset Purchase, the Company had 474,933,373 pre-consolidation common shares outstanding of which 42.1 percent were owned by Legacy. As well, the former officers of the Company 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. Also, the board of directors of the Company was reconstituted to be comprised of James Pasieka as Chairman, Trent Yanko, Chris Bloomer, Jim Welykochy, and Neil Roszell. Legacy and the Company concurrently entered into a management, technical and administrative services agreement whereby the Company will be managed by Legacy’s current management and staff in exchange for a monthly fee.

During the July 5, 2012 shareholder’s meeting, the shareholders also approved a proposed name change to LGX Oil + Gas Inc. from Bowood Energy Inc. and a consolidation of outstanding common shares on a 20 to 1 basis. This name change and consolidation of shares was completed effective as of August 20, 2012.

Financings

On August 2, 2012, the Company issued 120,000,000 units (“Units”) at a price of $0.05 per Unit pursuant to a brokered private placement for net proceeds of approximately $5.7 million. Each Unit was comprised of one pre-consolidation common share and one share purchase warrant (“Warrant”) entitling the holder to purchase one pre-consolidation common share at a price of $0.065 per share for a period of three years.

On August 17, 2012, the Company completed a rights offering to its shareholders resulting in the issuance of an additional 10,639,827 pre-consolidation common shares for net proceeds of approximately $532,000. Legacy was not entitled to participate in the rights offering with respect to the shares held by it.

EVENTS AFTER THE REPORTING PERIOD

On October 16, 2012, LGX announced it had drilled a vertical exploration well at 6-16-7-23 W4M to a total depth of 2,205 m ahead of schedule and under budget. The well is located approximately nine miles south of LGX’s 8-30 horizontal oil well which produces from the Big Valley Formation. The 6-16 well encountered oil shows through the Big Valley Formation and other horizons and has been cored, logged and cased. The well cores and logs will be evaluated for further activity on the well, including a possible horizontal leg and/or completion. Also, to further the evaluation of the play, LGX has undertaken a 95 square mile 3D seismic program, centred over the Company's lands on the Blood reserve. Shooting and interpretation of the seismic program should be complete late 2012 and will be beneficial in directing 2013 development activities

On November 7, 2012, LGX completed the acquisition of highly focused, high working interest, operated producing oil assets in southeast Alberta, consisting of light oil production, reserves and undeveloped land in the Manyberries area (the "Acquisition"). To finance the cash portion of the Acquisition and for general corporate purposes, the Company completed a bought deal prospectus financing on November 7, 2012 with a syndicate of underwriters to raise $47.5 million.

Through the Acquisition, LGX acquired 600 Boe per day of high quality, high netback, light oil assets focused in the Manyberries area of southeast Alberta for total consideration of $46 million (subject to customary closing adjustments) consisting of $42.5 million in cash and approximately 4.07 million LGX common shares. With the Acquisition, LGX increases its oil and NGL weighting to approximately 67 percent of proforma production.

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.

OUTLOOK

A strategic imperative exists to aggressively grow the Company to a size that, when combined with high-netback oil production, strong balance sheet and substantial exposure to the high impact southern Alberta Bakken play, will differentiate LGX from our peer-group competitors. The recently closed Manyberries transaction and associated financing are evidence of LGX's strategy in action.

Manyberries brings the Company high quality light oil assets that can deliver significant development drilling and exploitation opportunities through the application of new technology while contemporaneously building a sustainable, predictable production base that provides internally generated free cash flow to fund LGX's extensive light oil exploration drilling inventory on its dominant land holdings on the Southern Alberta Bakken.

Proforma the Acquisition, LGX has the following characteristics:

Current Production	1,000 Boe/d (67% light oil and NGL's)
Proved plus Probable Reserves [(1)]:	4.7 MMBoe (68% light oil and NGL's)
Proved plus Probable RLI [(2)]:	12.9 years
Undeveloped Land:	186,800 net acres

(1) Gross Company Reserves. Reserves evaluated by GLJ Petroleum Consultants Ltd. as at December 31, 2011 for LGX and by GLJ Petroleum Consultants Ltd. as at March 31, 2012 and "look ahead" evaluated as of September 30, 2102 for the Acquisition, both in accordance with National Instruments 51-101. Gross Company Reserves means the Company's working interest reserves before the calculation of royalties, and before the consideration of the Company's royalty interests.

(2) Based on current production.

Work has already begun on several low risk exploitation opportunities in Manyberries. LGX has also started completion operations on the recently drilled 6-16 Big Valley well and will be moving forward with the 95 square mile 3D seismic survey over its Blood reserve leases.

MANAGEMENT'S DISCUSSION + ANALYSIS

The following management discussion and analysis ("MD&A"), as provided by the management of LGX Oil + Gas Inc. ("LGX" or the "Company") (formerly known as Bowood Energy Inc.) of the financial condition and performance of LGX/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.

MANAGEMENT'S DISCUSSION + ANALYSIS

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

($, except per Boe and percent amounts)	Three Months Ended September 30 2012	2011	% change	Nine Months Ended September 30 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

($, except per Boe amounts)	Three Months Ended September 30 2012	2011	% change	Nine Months Ended September 30 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 2012	2011	% change	Nine Months Ended September 30 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 2012	2011	% change	Nine Months Ended September 30 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 2012	2011	Nine Months Ended September 30 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.

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.

LGX OIL + GAS INC. (formerly known as Bowood Energy Inc.)
Condensed Interim Consolidated Statement of Comprehensive Income (Loss)
(Unaudited)

(Canadian $, except per share amounts)	Note	Three Months Ended September 30 2012	Three Months Ended September 30 2011	Nine Months Ended September 30 2012	Nine Months Ended September 30 2011
Revenue					
Petroleum and natural gas sales	*6*	1,050,641	-	1,495,530	-
Royalties	*6*	(186,020)	-	(224,726)	-
		864,621	-	1,270,804	-
Expenses and Other Loss (Income)					
Operating expenses		463,674	7,246	639,132	21,816
Transportation expenses		42,764	-	54,004	-
Exploration and evaluation expenses	*8*	-	67,874	-	1,859,008
Depletion and depreciation	*9*	321,938	-	321,938	-
Share-based payments	*17*	51,475	15,556	63,876	60,988
General and administrative expenses		686,136	7,782	698,719	30,779
Transaction costs		1,025	-	1,025	-
Finance costs	*7*	35,166	2,405	41,906	5,301
Reverse acquisition gain	*5*	(10,803,913)	-	(10,803,913)	-
		(9,201,735)	100,863	(8,983,313)	1,977,892
Net Income (Loss) Before Income Tax		10,066,356	(100,863)	10,254,117	(1,977,892)
Income Taxes					
Deferred income tax expense (recovery)		(188,237)	-	(188,237)	-
Net Income (Loss)		**10,254,593**	**(100,863)**	**10,442,354**	**(1,977,892)**
Other Comprehensive Income (Loss)					
Foreign currency translation on foreign operations		(1,622)	-	(1,622)	-
Comprehensive Income (Loss)		**10,252,971**	**(100,863)**	**10,440,732**	**(1,977,892)**
Earnings (Loss) per Common Share ($)					
Basic	*16*	0.38	n/a	1.16	n/a
Diluted	*16*	0.38	n/a	1.16	n/a

Going Concern *2*

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

LGX OIL + GAS INC. (formerly known as Bowood Energy Inc.)
Condensed Interim Consolidated Statement of Financial Position
(Unaudited)

As at *(Canadian $)*	**Note**	**September 30 2012**	**December 31 2011**
ASSETS			
Current Assets			
Cash and cash equivalents		77,424	-
Trade and other receivables		1,006,293	3,547,000
Total Current Assets		1,083,717	3,547,000
Non-current Assets			
Exploration and evaluation assets	*8*	62,791,036	35,256,877
Property, plant and equipment	*9*	13,092,345	-
Total Non-current Assets		75,883,381	35,256,877
Total Assets		**76,967,098**	**38,803,877**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Bank debt	*10*	28,465	-
Trade and other payables		6,099,172	7,013,967
Total Current Liabilities		6,127,637	7,013,967
Non-current Liabilities			
Decommissioning liabilities	*11*	2,981,393	337,373
Deferred taxes	*12*	3,160,200	-
Total Non-current Liabilities		6,141,593	337,373
Total Liabilities		12,269,230	7,351,340
Shareholders' Equity			
Share capital and warrants	*14*	37,063,438	-
Net investment in SA assets	*13*	-	31,358,991
Contributed surplus		178,198	93,546
Reserve from common-control transaction	*5*	17,203,261	-
Accumulated other comprehensive loss		(1,622)	-
Retained earnings		10,254,593	-
Total Shareholders' Equity		64,697,868	31,452,537
Total Shareholders' Equity and Liabilities		**76,967,098**	**38,803,877**
Going concern	*2*		
Commitments and contingencies	*21*		
Events after the reporting period	*22*		

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

LGX OIL + GAS INC. (formerly known as Bowood Energy Inc.)
Condensed Interim Consolidated Statement of Changes in Equity
(Unaudited)

(Canadian $)	Note	Share Capital and Warrants	Net investment in SA Assets	Contributed Surplus	Reserve from common-control transaction	AOCI[1]	Retained Earnings	Total Equity
Balance as at December 31, 2011		**-**	**31,358,991**	**93,546**	**-**	**-**	**-**	**31,452,537**
Net income for the period		-	187,761	-		-	10,254,593	10,442,354
Net distributions to Legacy Oil + Gas Inc.	*13*	-	(1,343,491)	-	-	-	-	(1,343,491)
Issue of share capital	*14*	37,402,661	(30,203,261)	-	17,203,261	-	-	24,402,661
Share issue costs, net of tax	*14*	(339,223)	-	-		-	-	(339,223)
Share-based payments	*17*	-	-	84,652		-	-	84,652
Foreign currency translation on foreign operations		-	-			(1,622)	-	(1,622)
Balance as at September 30, 2012		**37,063,438**	-	**178,198**	**17,203,261**	**(1,622)**	**10,254,593**	**64,697,868**
Balance as at December 31, 2010		**-**	**13,359,243**	**18,652**	**-**	**-**	**-**	**13,377,895**
Net income (loss) for the period		-	(1,977,892)	-		-	-	(1,977,892)
Net contributions from Legacy Oil + Gas Inc.	*13*	-	13,679,772	-	-	-	-	13,679,772
Share-based payments		-	-	60,988		-	-	60,988
Balance as at September 30, 2011		**-**	**25,061,123**	**79,640**	**-**	**-**	**-**	**25,140,763**

(1) Accumulated Other Comprehensive Income (Loss)

Going concern *2*

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

LGX OIL + GAS INC. (formerly known as Bowood Energy Inc.)
Condensed Interim Consolidated Statement of Cash Flows
(Unaudited)

(Canadian $)	Note	Three Months Ended September 30 2012	Three Months Ended September 30 2011	Nine Months Ended September 30 2012	Nine Months Ended September 30 2011
Cash flow from (used in) operating activities					
Net income (loss) for the period		10,254,593	(100,863)	10,442,354	(1,977,892)
Depletion and depreciation	*9*	321,938	-	321,938	-
Accretion on decommissioning liabilities	*7*	17,772	2,405	24,512	5,301
Exploration and evaluation expenses	*8*	-	67,874	-	1,859,008
Share-based payments	*17*	51,475	15,556	63,876	60,988
Reverse acquisition gain	*5*	(10,803,913)	-	(10,803,913)	-
Deferred income tax recovery		(188,237)	-	(188,237)	-
		(346,372)	(15,028)	(139,470)	(52,595)
Net change in non-cash working capital	*19*	(3,974,662)	-	(3,953,227)	-
Net cash flow from (used in) operating activities		(4,321,034)	(15,028)	(4,092,697)	(52,595)
Cash flow from (used in) investing activities					
Capital expenditure on property, plant and equipment and exploration and evaluation assets	*19*	1,737,060	(8,101,018)	(2,864,998)	(13,627,177)
Net cash flow from (used in) investing activities		1,737,060	(8,101,018)	(2,864,998)	(13,627,177)
Cash flow from financing activities					
Proceeds from the issuance of common shares and warrants	*14*	6,531,991	-	6,531,991	-
Net contributions from Legacy Oil + Gas Inc.	*13*	52,524	8,116,046	4,426,245	13,679,772
Share issue costs		(452,297)	-	(452,297)	-
Decrease in bank debt		(3,467,928)	-	(3,467,928)	-
Net cash flow from financing activities		2,664,290	8,116,046	7,038,011	13,679,772
Foreign exchange gain (loss) on cash and cash equivalents held in foreign currency		(2,892)	-	(2,892)	-
Increase in cash and cash equivalents		77,424	-	77,424	-
Cash and cash equivalents, beginning of period		-	-	-	-
Cash and cash equivalents, end of period		**77,424**	**-**	**77,424**	**-**

Supplemental cash flow information *19*

Going concern *2*

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

LGX OIL + GAS INC. (formerly known as Bowood Energy Inc.)
Notes to Condensed Interim Consolidated Financial Statements

September 30, 2012 *(all tabular amounts in Canadian $, except per unit and volume amounts or as otherwise indicated)*
(Unaudited)

1. REPORTING ENTITY

Incorporation and Nature of Business

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

On July 5, 2012, the shareholders of LGX approved 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 23,746,669 post-consolidation common shares (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.

Management's significant judgments in determining that LGX is controlled by Legacy/SA Assets following the Asset Purchase, even though Legacy/SA Assets holds less than half of the voting rights of LGX are disclosed in Note 3.

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, these condensed interim consolidated financial statements present the historic financial position, results of operations and cash flows of SA Assets, for all prior periods up to and including July 5, 2012. The results of operations from July 5, 2012 forward include both SA Assets and LGX (referred to collectively with its subsidiaries as "LGX" or the "Company").

The disposal of SA Assets in exchange for LGX common shares is disclosed as a common-control transaction in Note 5. The reverse acquisition of LGX by Legacy/SA Assets is also disclosed in Note 5.

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

These condensed interim consolidated financial statements were approved and authorized for issue by the Company's Board of Directors on November 8, 2012.

2. BASIS OF PRESENTATION

Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared using the same accounting policies and methods as those used in the audited carve-out financial statements of Legacy Oil + Gas Inc.'s Southern Alberta Assets ("SA Assets") for the year ended December 31, 2011 and are described in Note 3 below. The condensed interim consolidated financial statements are in compliance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. The preparation of financial statements in accordance with IAS 34 requires the use of certain significant accounting estimates and also requires management to exercise judgment in applying the Company's accounting policies. Note 2 of these condensed interim consolidated financial statements discloses a summary of the areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements. These condensed interim consolidated financial statements should be read in conjunction with the audited carve-out financial statements of SA Assets for the year ended December 31, 2011, which are included in the Company's Management Information Circular date June 7, 2012 as filed on www.sedar.com. The accompanying condensed interim consolidated financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

Basis of measurement and Going Concern

These consolidated financial statements have been prepared on a going concern basis under the historical cost basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due, except for the revaluation to fair value of certain financial assets and financial liabilities, as detailed in the Company's accounting policies presented in Note 3.

For the nine months ended September 30, 2012, the Company reported net cash flow used in operating activities of $4,092,697. In addition, at September 30, 2012, LGX had drawn $28,465 against its credit facility of $7,000,000 and had other working capital deficiencies of $5,015,455. As the credit facility is a demand loan, it may be called at any time. As the lending value of the credit facility is tied closely to oil and natural gas prices, and current over-supply and depressed pricing is expected to continue for the immediate future, there is no assurance that the credit facility will be renewed when it is next informally reviewed. Should the bank not extend the loan, the Company would need to seek alternative forms of debt or equity financing or dispose of certain assets to repay the outstanding indebtedness.

These material uncertainties lend significant doubt as to the ability of the Company to meet its obligations as they come due and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

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 post-consolidation common shares to the vendor pursuant to the acquisition.

These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities, and the reported revenues and expenses, that might be necessary should the Company not be able to continue as a going concern, and therefore, be required to realize its assets and discharge its liabilities other than in the normal course of business and at carrying amounts different from those reflected in the accompanying financial statements. Any such adjustments could be material.

Functional and presentation currency

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

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, assumptions and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Actual results may differ from such estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected. Significant estimates and judgments made by management in the preparation of these condensed interim consolidated financial statements are outlined below.

Reserve estimates

Petroleum and natural gas assets are depleted on a unit of production basis at a rate calculated by reference to proved and probable reserves determined in accordance with National Instrument 51-101, *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") and incorporating the estimated future cost of developing and extracting those reserves. Proved and probable reserves are estimated using independent reservoir engineering reports and techniques and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. Reserves estimates and data contained within reserve reports, although not reported as part of the Company's consolidated financial statements, can have a significant effect on net income, assets and liabilities as a result of their impact on depletion and depreciation, decommissioning liabilities, deferred taxes, asset impairments and accounting for business combinations. Independent reservoir engineers perform evaluations of the Company's oil and natural gas reserves on an annual basis. The estimation of reserves is an inherently complex process requiring significant judgment. Estimates of economically recoverable oil and natural gas reserves are based upon a number of variables and assumptions such as geoscientific interpretation, production forecasts, commodity prices, costs and related future cash flows, all of which may vary considerably from actual results. These estimates are expected to be revised upward or downward over time, as additional information such as reservoir performance becomes available or as economic conditions change.

Impairment indicators and discount rate

For purposes of impairment testing, petroleum and natural gas assets are aggregated into cash-generating units ("CGU's"), based on separately identifiable and largely independent cash inflows. The determination of the Company's CGU's is subject to judgment.

The recoverable amounts of CGU's and individual assets have been determined based on the higher of the value-in-use calculations and fair value less costs to sell. These calculations require the use of estimates and assumptions, including the discount rate. It is reasonably possible that the commodity price assumptions may change, which may impact the estimated life of the field and economical reserves recoverable and may require a material adjustment to the carrying value of petroleum and natural gas assets. The Company monitors internal and external indicators of impairment relating to its assets.

Decommissioning costs

At the end of the operating life of the Company's facilities and properties and upon retirement of its oil and natural gas assets, decommissioning costs will be incurred by the Company. Estimates of these costs are subject to uncertainty associated with the method, timing and extent of future decommissioning activities. The liability, the related asset and the amount expensed are impacted by estimates with respect to the costs and timing of decommissioning.

Technical feasibility and commercial viability of exploration and evaluation assets

The technical feasibility and commercial viability of extracting a resource is considered to be determinable based on several factors including the assignment of proven and probable reserves, completion of drilling and testing. Upon determination, exploration and evaluation costs attributable to those reserves are reclassified to depletable property, plant and equipment. As discussed above, the estimate of proved and probable reserves is inherently complex and requires significant judgment. Thus, any material change to reserve estimates could affect the technical feasibility and commercial viability of the underlying assets.

Income taxes

Tax regulations and legislation and the interpretations thereof are subject to change. The deferred income tax calculation recognizes the extent that temporary differences will be realized (asset) or payable (liability) in future periods. The calculation of deferred income tax involves a significant amount of estimation including an evaluation of when the temporary differences will reverse, an analysis of the amount of future taxable income and the application of tax laws. Changes in tax regulations and legislation and the other assumptions listed are subject to measurement uncertainty.

The Company recognizes the net future tax benefit related to a deferred tax asset to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

Valuation of financial instruments

By their very nature, the estimated fair value of financial derivative contracts resulting in financial derivative contract assets and liabilities are subject to measurement uncertainty.

Measurement of share-based payments

Share-based payments recorded pursuant to share-based compensation plans are subject to estimated fair values, forfeiture rates, volatility and the future attainment of performance criteria, if any.

Business combinations

Business combinations are accounted for using the acquisition method of accounting. The determination of fair value often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of exploration and evaluation assets and petroleum and natural gas assets acquired generally require the most judgment and include estimates of reserves acquired, forecast benchmark commodity prices and discount rates. Changes in any of these assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation. Future net income can be affected as a result of changes in future depletion and depreciation or asset impairment.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Consideration of control at reverse acquisition date where SA Assets holds less than 50% of equity interest

The management of the Company made significant judgments that LGX Oil + Gas Inc. is controlled by SA Assets/Legacy, even though SA Assets/Legacy holds less than half of the voting rights of this subsidiary. The management of SA Assets/Legacy considers that the Company has deemed control of LGX as it has the power to govern the financial and operating policies of LGX so as to obtain benefits from its activities even though it has less than 50% of the voting rights of LGX through a combination of the following:

- Legacy is the majority shareholder of LGX with a 42% equity interest in LGX on July 5, 2012, the acquisition date of LGX, and a 33% equity interest as at September 30, 2012;
- 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 and whereby 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, in exchange for a monthly fee;
- the new management of LGX is made up of Trent Yanko, President and CEO, and Matt Janisch, Vice-President, Finance and CFO who hold the same positions with Legacy;
- two of the five directors of LGX are also directors of Legacy including the chairman of the board of LGX;
- the remaining equity interests of LGX is dispersed and LGX does not have a history of other shareholders forming a group to exercise their votes collectively; and
- the historical representation at general shareholder meetings and the voting participation of LGX shareholders in relation to the Company's equity interest is not considered sufficient to direct LGX's financial and operating policies.

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.

Refer to Note 5 for the reverse acquisition of LGX by SA Assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The financial statements of the Company consolidate the accounts of LGX and its subsidiaries. Subsidiaries are those entities which LGX controls by having the power to govern the financial and operating policies. The acquisition method of accounting is used to account for acquisitions by the Company. The cost of acquisition is measured at the fair value of assets given, equity instruments issued and debt incurred or assumed at the date of acquisition, being the date on which the Company gains control. The excess of the cost over the fair value of the Company's share of identifiable net assets acquired is recorded as goodwill. If the cost is less than the fair value of assets acquired, the difference is recognized directly in net income.

Intercompany transactions, balances and any unrealized gains or losses between subsidiaries are eliminated on consolidation. All subsidiaries have been consolidated into the Company's consolidated financial statements.

Property, Plant and Equipment

The Company's property, plant and equipment consists of petroleum and natural gas assets (oil and natural gas development and production assets) and corporate assets.

Capitalization

Property, plant and equipment is stated at cost, less accumulated depletion and depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning liability, if any, and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Exchanges of assets are measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. The cost of the acquired asset is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. The gain or loss on derecognition of the asset given up is recognized in net income.

Expenditures on major maintenance, inspections or overhauls are capitalized when the item enhances the life or performance of an asset above its original standard. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalized and the carrying amount of the replaced asset is derecognized. All other maintenance expenditures are expensed as incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in net income in the period in which the item is derecognized.

Depletion and depreciation

The costs related to area cost centres for petroleum and natural gas properties, including related pipelines and facilities, are depleted using a unit-of-production method based on the commercial proved and probable reserves allocated to its CGU.
Petroleum and natural gas assets are not depleted until production commences. The depletion calculation takes into account the estimated future development costs required to develop the proved and probable reserves.

Proved and probable reserves are estimated using independent reservoir engineering reports and techniques and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

Corporate assets are stated in the statement of financial position at cost less accumulated depreciation. Depreciation is calculated on a reducing balance method so as to write off the cost of these assets, less estimated residual values, over their estimated useful lives. The useful lives of the Company's corporate assets are as follows:

Office equipment, furniture and fixtures	5 Years
Computer hardware	2 Years
Computer software	1 Year

The expected useful lives of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

Impairment

The carrying amounts of property, plant and equipment are grouped into CGU's and the CGU's are reviewed quarterly for indicators of impairment. Indicators are events or changes in circumstances that indicate that the carrying amount may not be recoverable. If indicators of impairment exist, the recoverable amount of the CGU is estimated. If the carrying amount of the CGU exceeds the recoverable amount, the CGU is written down with an impairment recognized in net income.

The assessment for impairment entails comparing the carrying value of the CGU with its recoverable amount. Each CGU is identified in accordance with IAS 36, *Impairment of Assets*. The Company's property, plant and equipment are grouped into CGU's based on separately identifiable and largely independent cash inflows considering geological characteristics, shared infrastructure and exposure to market risks. Estimates of future cash flows used in the calculation of the recoverable amount are based on reserve evaluation reports prepared by independent reservoir engineers.

The recoverable amount is the higher of fair value, less costs to sell, and the value-in-use. Fair value, less costs to sell, is assessed by utilizing market valuation based on an arm's length transaction between active participants. In the absence of such information, fair value less costs to sell is derived by estimating the discounted after-tax future net cash flows. Discounted future net cash flows are based on forecasted commodity prices and costs over the expected economic life of the reserves and discounted using market-based rates to reflect a market participant's view of the risks associated with the assets. Value-in-use is assessed using the expected future cash flows discounted at a pre-tax rate.

Impairments of property, plant and equipment are only reversed when there is significant evidence that the impairment has been reversed, but only to the extent of what the carrying amount would have been had no impairment been recognized.

Exploration and Evaluation Assets

Capitalization

All costs incurred after the rights to explore an area have been obtained, such as geological and geophysical costs, other direct costs of exploration (drilling, testing and evaluating the technical feasibility and commercial viability of extraction) and appraisal and including any directly attributable general and administration costs and share-based payments, are accumulated and capitalized as exploration and evaluation assets.

Certain costs incurred prior to acquiring the legal rights to explore are charged directly to net income.

Amortization

Exploration and evaluation costs are not amortized prior to the conclusion of appraisal activities. At the completion of appraisal activities, if technical feasibility is demonstrated and commercial reserves are discovered, then, the carrying value of the relevant exploration and evaluation asset will be reclassified as a petroleum and natural gas asset into the CGU to which it relates, but only after the carrying value of the relevant exploration and evaluation asset has been assessed for impairment and, where appropriate, its carrying value adjusted. The technical feasibility and commercial viability of extracting a resource is considered to be determinable based on several factors including the assignment of proven and probable reserves, completion of drilling and testing. Upon determination, exploration and evaluation costs attributable to those reserves are reclassified to depletable property, plant and equipment. If it is determined that technical feasibility and commercial viability have not been achieved in relation to the exploration and evaluation assets appraised, all other associated costs are written down to the recoverable amount in net income.

Expired land leases included as undeveloped land in exploration and evaluation assets are recognized in exploration and evaluation cost in net income upon expiry.

Impairment

If and when facts and circumstances indicate that the carrying value of an exploration and evaluation asset may exceed its recoverable amount, an impairment review is performed. For exploration and evaluation assets, when there are such indications, an impairment test is carried out by grouping the exploration and evaluation assets with property, plant and equipment CGU's to which they belong for impairment testing. The equivalent combined carrying value of the CGU's is compared against the recoverable amount of the CGU's and any resulting impairment loss is written off to net income. The recoverable amount is the greater of fair value, less costs to sell, or value-in-use.

Impairments of exploration and evaluation assets are only reversed when there is significant evidence that the impairment has been reversed, but only to the extent of what the carrying amount would have been had no impairment been recognized.

Business Combinations

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. The excess of the cost of the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized immediately in net income. Transaction costs associated with a business combination are expensed as incurred.

Common-control Transaction

Business combinations involving entities under common control are outside the scope of IFRS 3, *Business Combinations*. An entity is required to develop an accounting policy as IFRS provides no guidance on the accounting for these types of transactions. The two most common methods utilized are the purchase method and the predecessor values method. A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party, both before and after the business combination, and control is not transitory. Management has determined the predecessor values method to be most appropriate. The predecessor method requires the financial statements to be prepared using the predecessor carrying values without any step up to fair value. The difference between any consideration and the aggregate carrying value of the assets and liabilities are recorded as a reserve from common-control transaction in shareholders' equity.

Financial Instruments

Financial assets and liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions that define the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Financial assets and financial liabilities are initially recognized at fair value. This initial fair value is normally the transaction price plus, in the case of financial assets not at fair value through net income, directly attributable transaction costs.

The subsequent measurement of the Company's financial instruments depends on their classification determined by the purpose for which the instruments were acquired, as follows:

Financial assets and liabilities held-for-trading

Financial derivative contracts are classified as held-for-trading. These assets are carried on the statement of financial position at fair value with gains or losses recognized in net income in the period in which they arise. Financial assets and liabilities held-for-trading are classified as current except for the portion expected to be realized or paid beyond twelve months from the statement of financial position date, which is classified as non-current. The Company has no held-for-trading financial assets and liabilities at September 30, 2012. The SA Assets had no held-for-trading financial assets and liabilities at December 31, 2011.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are not classified as loans and receivables and are initially recognized at fair value plus transaction costs. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized within other comprehensive income. Available-for-sale investments are classified as non-current, unless the investments mature within twelve months, or management expects to dispose of them within twelve months. The Company has no available-for-sale investments at September 30, 2012. The SA Assets had no available-for-sale financial investments at December 31, 2011.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest rate method if the time value of money is significant. Gains and losses are recognized in net income when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company's loans and receivables are comprised of trade and other receivables which are included in current assets due to their short-term nature, the reclamation fund and cash and cash equivalents.

Other financial liabilities at amortized cost

Financial liabilities at amortized cost include trade and other payables and bank debt. Trade and other payables are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, trade and other payables are measured at amortized cost using the effective interest rate method. Bank debt is recognized initially at fair value, net of any transaction costs incurred and subsequently at amortized cost using the effective interest rate method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Financial derivative contracts

The Company may use derivative financial instruments to manage its exposure to movements in commodity prices and interest rates, which include crude oil and natural gas commodity contracts and interest rate swaps ("financial derivative contracts"). These instruments are not used for trading or speculative purposes. Financial derivative contracts are initially recognized at fair value on the date a derivative contract is entered into and are remeasured at their fair value at each subsequent reporting date. Financial derivative contracts are carried as assets when their fair value is positive and as liabilities when the fair value is negative. Transaction costs are recognized in income or loss when incurred. At September 30, 2012, the Company has no financial derivative contracts and at December 31, 2011, the SA Assets had no financial derivative contracts.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held with banks and other short-term highly liquid investments with maturities of three months or less from inception. Cash and cash equivalents are categorized as loans and receivables and carried at amortized cost using the effective interest rate method.

Share Capital

Common shares and share warrants are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Decommissioning Liabilities

The Company recognizes the present value of a decommissioning liability in the period in which it is incurred. The obligation is recorded as a liability on a discounted basis using the relevant risk free rate, with a corresponding increase to the carrying amount of the related asset. Over time, the liabilities are accreted for the change in their present value and the capitalized costs are depleted on a unit-of-production basis over the life of the underlying proved plus probable reserves. Accretion expense is included in finance costs recognized in net income. Revisions to the discount rate, estimated timing or amount of future cash flows would also result in an increase or decrease to the decommissioning liability and related asset.

Leases

Agreements under which payments are made to owners in return for the right to use an asset for a period are accounted for as leases. All of the Company's leases are treated as operating leases and the costs are recognized in income on a straight-line basis over the leased term period.

Revenue Recognition

Revenue includes the sale of oil, natural gas and natural gas liquids and is recorded when all of the following conditions are satisfied, which is generally at the time the product enters the pipeline:

- the significant risks and rewards of ownership of the product are transferred to the buyer, which is usually when legal title passes to the external party;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the products sold;
- the amount of revenue can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenues from the production of oil and natural gas from properties in which the Company has an interest with joint venture partners are recognized on the basis of the Company's working interest in those properties. Revenue is measured net of discounts, customs duties and royalties. With respect to the latter, the entity is acting as a collection agent on behalf of others.

Joint Interests

Significantly all of the Company's activities are conducted jointly with others through unincorporated joint ventures ("Joint Ventures"). The Company accounts for its share of the results and net assets of these Joint Ventures as jointly controlled assets. The consolidated financial statements include the Company's share of these jointly controlled assets and a proportionate share of the relevant revenue and related costs.

Share-based Payments

The Company follows the fair value method of valuing stock option grants using the Black-Scholes pricing model. Share-based payments expense is determined based on the estimated fair value of shares on the date of grant. Forfeitures are estimated at the grant date and are subsequently adjusted to reflect actual forfeitures. The expense is recognized over the service period, with a corresponding increase to contributed surplus. The Company capitalizes the qualifying portion of share-based payments directly attributable to the development activities of exploration and evaluation assets and petroleum and natural gas assets, with a corresponding decrease to share-based payments expense. At the time the stock options are exercised, the issuance of common shares is recorded as an increase to shareholders' capital and a corresponding decrease to contributed surplus.

Finance Costs

Finance costs comprise interest expense and finance charges on borrowings and accretion of the discount on decommissioning liabilities.

Income Taxes

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in income or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Deferred income tax assets and liabilities are presented as non-current.

Current tax is the expected tax payable in respect of taxable income, using tax rates enacted or substantively enacted at the reporting date as well as adjustments to tax payable in respect of previous years. Deferred tax is recognized using the balance sheet method whereby temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes are calculated. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, when the intent is to settle current tax assets and liabilities on a net basis or the tax assets and liabilities are expected to be realized simultaneously.

Foreign Currency Translation

Foreign operations

The Company has non-significant operations in the United States ("U.S.") transacted by a U.S. and Canadian subsidiary. The assets and liabilities of foreign operations are restated to Canadian dollars at exchange rates in effect at the reporting date; the resulting unrealized gain or loss is included in other comprehensive income. The income and expenses of foreign operations are restated to Canadian dollars using the average exchange rate for the period, which is considered a reasonable approximation to actual rates. The resulting gain or loss is included in other comprehensive income.

Foreign transactions

Transactions in foreign currencies not incurred by the Company's U.S. subsidiary are translated to Canadian dollars at exchange rates in effect at the transaction dates. Foreign currency assets and liabilities are restated to Canadian dollars at exchange rates in effect at the reporting date and income and expenses are restated to Canadian dollars using the average exchange rate for the period. Gains and losses resulting from the settlement or restatement of foreign currency transactions are included in net income.

Earnings Per Share

Earnings per share is presented for basic and diluted earnings. Basic per share information is computed by dividing the net income for the period attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period. The weighted average number of shares for fully diluted earnings per share information is calculated using the treasury stock method whereby it is assumed that proceeds obtained upon exercise of share warrants and stock options issued under the Company's Stock Option Plan would be used to purchase common shares at the average market price during the period. The treasury stock method also assumes that the deemed proceeds related to unrecognized share-based payments expense are used to repurchase shares at the average market price during the period. Under the treasury stock method, stock options and share warrants have a dilutive effect only when the average market price of the common shares during the period exceeds the exercise price of the options or warrants (they are "in-the-money"). Exercise of in-the-money stock options and share warrants is assumed at the beginning of the year or date of issuance, if later. Should the Company have a net loss for the period, stock options and share warrants would be anti-dilutive and therefore will have no effect on the determination of loss per share.

4. CHANGES IN ACCOUNTING POLICIES

Accounting standards, issued up to November 8, 2012, for periods beginning on or after January 1, 2012, have been adopted as of September 30, 2012.

Recent Accounting Pronouncements

IFRS 9*, Financial Instruments,* was issued in November 2009. This standard is the first step in the process to replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities, which may affect the Company's accounting for its financial assets. The standard is not applicable until January 1, 2013 but is available for early adoption. The Company is in the process of assessing the impact of adopting IFRS 9, if any.

IFRS 10, *Consolidation*, was issued on May 12, 2011. This standard requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, *Consolidation—Special Purpose Entities,* and parts of IAS 27, *Consolidated and Separate Financial Statements*. The standard is not applicable until January 1, 2013 but is available for early adoption. The Company is in the process of assessing the impact of adopting IFRS 10, if any.

IFRS 11, *Joint Arrangements*, was issued on May 12, 2011. This standard requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers. The standard is not applicable until January 1, 2013 but is available for early adoption. The Company is in the process of assessing the impact of adopting IFRS 11, if any.

IFRS 12, *Disclosure of Interests in Other Entities*, was issued on May 12, 2011. This standard establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The standard is not applicable until January 1, 2013 but is available for early adoption. The Company is in the process of assessing the impact of adopting IFRS 12, if any.

IFRS 13, *Fair Value Measurement*, was issued on May 12, 2011. This is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The standard is not applicable until January 1, 2013 but is available for early adoption. The Company is in the process of assessing the impact of adopting IFRS 13, if any.

Amendments to Other Standards

IAS 1, *Presentation of Financial Statements*, has been amended to require entities to split items of other comprehensive income between those that are reclassified to net income and those that are not. The standard is required to be adopted for periods beginning on or after July 1, 2012. The Company is in the process of assessing the impact of this amendment, if any.

IAS 27, *Separate Financial Statements*, has been amended to address accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28, *Investments in Associates and Joint Ventures*, has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to 13. Both of these amended standards are not applicable until January 1, 2013 but are available for early adoption. The Company is in the process of assessing the impact of these amendments, if any.

IAS 32, *Financial Instruments: Presentation*, has been amended to clarify the requirements for offsetting financial assets and liabilities. The standard clarifies that the right to offset must be available on the current date and cannot be contingent on a future event. The standard is required to be adopted retrospectively for periods on or after January 1, 2014. The Company has yet to assess the full impact of this amendment.

IFRS 7, *Financial Instruments: Disclosure*, has been amended to provide more extensive quantitative disclosures for financial instruments that are offset in the statement of financial position or that are subject to enforceable master netting or similar agreements. The standard is required to be adopted retrospectively for periods beginning on or after January 1, 2013. The Company has yet to assess the full impact of this amendment.

5. COMMON-CONTROL TRANSACTION AND REVERSE ACQUISTION

Legacy Oil + Gas Inc. – Southern Alberta Assets common-control transaction

As described in Note 1, on July 5, 2012 LGX purchased SA Assets for total consideration of $13 million, comprised of 10,000,000 post-consolidation (200,000,000 pre-consolidation) common shares of LGX, representing a 42% equity ownership and Legacy/SA Assets obtained deemed control of LGX. As Legacy is the parent company and controls LGX, this transaction was deemed a common-control transaction. As such, the assets and liabilities assumed by LGX, including exploration and evaluation assets, decommissioning liabilities and a deferred tax liability, were originally recognized on the date of acquisition at the net carrying value according to SA Assets' financial records as follows:

Carrying amount of SA Assets acquired by LGX

($)	
Exploration and evaluation assets	36,423,057
Decommissioning liabilities	(344,113)
Deferred tax liability	(5,769,736)
Total carrying amount of net assets acquired	30,309,208

Consideration

($)	
Common shares issued and total purchase price (10,000,000 post-consolidation common shares on July 5, 2012 at $1.30 per common share)	13,000,000

Equity

($)	
Contributed surplus	105,947
Reserve from common-control transaction	17,203,261
Total equity	17,309,208

The $17.2 million difference between the consideration paid by LGX, the net carrying value of SA Assets and the contributed surplus of SA Assets, on July 5, 2012, has been recognized within shareholders' equity as a reserve from common-control transaction.

SA Assets reverse acquisition of LGX

Prior to the Asset Purchase, LGX had 13,746,669 post-consolidation (274,933,373 pre-consolidation) issued and outstanding common shares. As a result of the Asset Purchase and the change in control as described in Note 1 and in the common-control transaction above, Legacy/SA Assets obtains deemed control of LGX.

In accordance with IFRS, the substance of the Asset Purchase transaction is a reverse acquisition. As a result, the Asset Purchase is accounted for as an acquisition of LGX's net assets by SA Assets. This transaction has been accounted for as a business combination and reverse acquisition using the acquisition method whereby the net assets acquired and the liabilities assumed are recorded at fair value. The following table summarizes the net assets acquired pursuant to the acquisition:

Fair value of net assets acquired

($)	
Exploration and evaluation assets	24,782,518
Property, plant and equipment (includes Petroleum and natural gas assets and Corporate assets)	12,403,135
Trade and other receivables	979,440
Deferred tax asset	2,308,225
Trade and other payables	(6,868,145)
Bank debt	(3,496,393)
Decommissioning liabilities	(1,434,197)
Total fair value of net assets acquired	28,674,583

Consideration

($)	
LGX common shares outstanding at reverse acquisition date (13,746,669 post-consolidation common shares on July 5, 2012 at $1.30 per common share)	17,870,670

Reverse acquisition gain

($)	
Reserve acquisition gain in net income	10,803,913

In accordance with IFRS, any excess of the fair value of net assets acquired over the fair value of the consideration paid is recognized in the condensed interim consolidated statement of comprehensive income (loss) as a reverse acquisition gain.

The above amounts are estimates, which were made by management at the time of the preparation of these condensed interim consolidated financial statements based on information then available. Amendments may be made to these amounts as values subject to estimate are finalized.

The consolidated statement of comprehensive income includes the results of operations for the period following the close of the transaction on July 5, 2012. Had the reverse acquisition occurred on January 1, 2012, an additional $2,706,839 of petroleum and natural gas sales, $509,317 of royalties and $1,140,687 of operating and transportation expenses from the LGX properties prior to the SA Assets reverse acquisition of LGX would have been included in the consolidated statement of comprehensive income for the nine months ended September 30, 2012.

Transaction costs

For the period ended September 30, 2012, net income (loss) includes $1,025 of transaction costs relating to the reverse acquisition incurred subsequent to the reverse acquisition date (2011 - $Nil).

Acquisitions subsequent to reporting date

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 (refer to Note 22).

6. REVENUE

($)	Three Months Ended September 30 2012	Three Months Ended September 30 2011	Nine Months Ended September 30 2012	Nine Months Ended September 30 2011
Petroleum and natural gas sales by product				
Crude oil and natural gas liquids	659,509	-	1,104,398	-
Natural gas	391,132	-	391,132	-
Total petroleum and natural gas sales	1,050,641	-	1,495,530	-
Less: Royalty expenses	(186,020)	-	(224,726)	-
Total revenue	864,621	-	1,270,804	-

7. FINANCE COSTS

($)	Three Months Ended September 30 2012	Three Months Ended September 30 2011	Nine Months Ended September 30 2012	Nine Months Ended September 30 2011
Interest expense and finance charges	17,394	-	17,394	-
Accretion on decommissioning liabilities *(Note 11)*	17,772	2,405	24,512	5,301
	35,166	2,405	41,906	5,301

8. EXPLORATION AND EVALUATION ASSETS

($)	September 30 2012	December 31 2011
Balance, beginning of period	35,256,877	13,533,956
Additions	2,553,195	23,476,065
Reverse acquisition *(Note 5)*	24,782,518	-
Capitalized share-based payments *(Note 17)*	20,776	-
Change in decommissioning liabilities	177,685	182,600
Unsuccessful exploration and evaluation costs derecognized	-	(1,935,744)
Foreign currency translation	(15)	-
Balance, end of period	62,791,036	35,256,877

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

Direct general and administrative costs capitalized by the Company during the nine months ended September 30, 2012 and included in additions were $0.075 million ($nil for the nine months ended September 30, 2011 and $nil for the year ended December 31, 2011).

During the nine months ended September 30, 2011, SA Assets derecognized $1.9 million of unsuccessful exploration and evaluation costs relating to impairment on a Strathmore well.

9. PROPERTY, PLANT AND EQUIPMENT

($)	September 30 2012	December 31 2011
Petroleum and natural gas assets at cost	13,406,883	-
Corporate assets at cost	7,400	-
Property, plant and equipment at cost	13,414,283	-
Accumulated depletion and depreciation	321,938	-
Property, plant and equipment net carrying amount	13,092,345	-

Petroleum and Natural Gas Assets

($)	**September 30 2012**	**December 31 2011**
Cost		
Balance, beginning of period	-	-
Additions	3,522	-
Reverse acquisition *(Note 5)*	12,395,735	-
Change in decommissioning liabilities	1,007,626	-
Balance, end of period	13,406,883	-
Accumulated depletion		
Balance, beginning of period	-	-
Depletion	321,051	-
Balance, end of period	321,051	-
Net carrying amount	13,085,832	-

At September 30, 2012, future development costs of $3.1 million (December 31, 2011 – $nil) are included in costs subject to depletion.

Corporate Assets

($)	**September 30 2012**	**December 31 2011**
Cost		
Balance, beginning of period	-	-
Reverse acquisition (*Note 5*)	7,400	-
Balance, end of period	7,400	-
Accumulated depreciation		
Balance, beginning of period	-	-
Depreciation	887	-
Balance, end of period	887	-
Net carrying amount	**6,513**	**-**

10. BANK DEBT

The SA Assets had no bank debt at December 31, 2011. The following table shows the amounts drawn down on the Company's bank debt facility at September 30, 2012:

($)	**September 30 2012**	**December 31 2011**
Bank credit facility	28,465	-

At September 30, 2012, the Company had a $7.0 million revolving term demand credit facility in place, on which $28,465 was drawn. The credit facility provides that advances may 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 facility was formally reviewed on June 25, 2012 which led to the current $7.0 million lending value.

The Company is subject to certain financial covenants in its credit facility agreement and is in compliance with all financial covenants as of September 30, 2012 as the Company had maintained the bank's required ratio of current assets to current liabilities of 1:1 or better. The lending agreement defines current assets as current assets as per the Company's statement of financial position plus any undrawn amount on the credit facility. The lending agreement defines current liabilities as the current liabilities as per the Company's statement of financial position sheet less any amounts drawn on the credit facility.

11. DECOMMISSIONING LIABILITIES

The decommissioning liabilities were estimated based on the Company's net ownership interest in all wells and facilities, the estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future periods. As at September 30, 2012, the estimated future undiscounted cash flows of $4.0 million of the Company (SA Assets December 31, 2011 – $0.9 million) have been discounted using an average risk free rate of approximately two and one half percent

(SA Assets December 31, 2011 – two and one half percent) and an inflation rate of two percent (SA Assets December 31, 2011 – two percent).

The following table reconciles the decommissioning liability:

($)	September 30 2012	December 31 2011
Balance, beginning of period	337,373	147,061
Decommissioning liabilities incurred during the period	86,095	138,135
Net decommissioning liabilities acquired *(Note 5)*	1,434,197	-
Accretion expense during period	24,512	7,714
Revisions (change in discount rate)	1,099,216	44,463
Balance, end of period	2,981,393	337,373

12. INCOME TAXES

The following table reconciles the income tax expense (recovery) computed by applying the Canadian statutory rate to the net income (loss) before income tax per the consolidated statement of comprehensive income (loss) with the income tax expense (recovery) actually recorded:

(Canadian $, except statutory income tax rate)	Nine Months Ended September 30 2012	Nine Months Ended September 30 2011
Net income (loss) before income tax	10,254,117	(1, 977,892)
Canadian statutory income tax rate	25.0%	26.5%
Expected income tax expense (recovery) at statutory rates	2,563,529	(524,141)
Add (deduct):		
Non-taxable income	(2,700,977)	-
Non-deductible expenditures	263	-
Non-deductible stock based compensation expense	15,969	16,162
(Income) loss connected to a different entity	(51,726)	507,979
Other	(15,295)	-
Deferred income tax expense (recovery)	(188,237)	-

Deferred taxes are comprised of the following:

Asset (Liability)	September 30 2012	December 31 2011
Exploration and evaluation assets and Plant, Property & Equipment (PP&E)	(5,915,479)	-
Decommissioning liabilities	745,348	-
Non-capital losses	1,896,857	-
Share issue costs	113,074	-
Deferred income tax asset (liability)	(3,160,200)	-

Continuity of deferred income tax liability:

($ thousands) *Asset (Liability)*	Balance January 1 2012	Recognized Net income (loss)	Recognized Equity	Recognized Reverse Acquisition	Balance September 30 2012
PP&E	-	(234,627)	-	(5,680,852)	(5,915,479)
Decommissioning liabilities	-	300,771	-	444,577	745,348
Non-capital losses	-	122,093	-	1,774,764	1,896,857
Share issue costs	-	-	113,074	-	113,074
Deferred income tax asset (liability)	-	188,237	113,074	(3,461,511)	(3,160,200)

The Company has $60.2 million in Canadian tax pools available for use as deductions against future taxable income which includes $7.6 million in Canadian non-capital losses that expire in years 2021 through 2030. The Company has not ascribed any value to its United States tax pools as significant uncertainty exists surrounding the ability to realize the value of those pools at the current time.

The Company did not pay any current income taxes in the nine months ended September 30, 2012.

The Company has temporary differences in respect of its investments in its Canadian and United States subsidiaries for which no deferred income taxes have been recorded. As no income taxes are expected to be paid in respect of the temporary differences, the Company has not determined the amount of those temporary differences.

13. NET INVESTMENT IN SA ASSETS

Legacy's net investment in the operations of SA Assets is presented as net investment in SA Assets in these condensed interim consolidated financial statements. The net investment in SA Assets is comprised of accumulated net income (loss) of the operations and the accumulated net contributions from and distributions to Legacy up to July 5, 2012, the date of the common-control transaction and reverse acquisition as described in Notes 1 and 5.

Net financing transactions with Legacy as presented on the condensed interim consolidated statement of cash flows represent the net contributions and distributions related to funding between SA Assets and Legacy.

The following table reconciles the net investment in SA Assets:

($)	**July 5 2012**	**December 31 2011**
Balance, beginning of period	31,358,991	13,359,243
Net income (loss) for the period	187,761	(2,043,981)
Net contributions from (distributions to) Legacy	(1,343,491)	20,043,729
LGX common shares issued on the common-control transaction *(Note 5)*	(13,000,000)	-
Transfer to reserve from common-control transaction *(Note 5)*	(17,203,261)	-
Balance, at end of period	-	31,358,991

14. SHARE CAPITAL AND WARRANTS

Authorized

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

At September 30, 2012, the Company has no issued and outstanding common non-voting shares. As at December 31, 2011, SA Assets had no issued and outstanding share capital.

Issued and Outstanding

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

	As at September 30, 2012		**As at December 31, 2011**	
($ – except share number)	**Number**	**Amount**	**Number**	**Amount**
Common (voting) shares				
Balance, beginning of period	-	-	-	-
Issued for cash	6,531,991	2,691,991	-	-
Issued to Legacy on the common-control transaction *(Note 5)*	10,000,000	13,000,000	-	-
Held by Bowood shareholders on reverse acquisition date *(Note 5)*	13,746,669	17,870,670		
Share issue costs, net of tax	-	(339,223)	-	-
Balance, end of period	30,278,660	33,223,438	-	-
Warrants				
Balance, beginning of period	-	-	-	-
Issued for cash	6,000,000	3,840,000	-	-
Balance, end of period	6,000,000	3,840,000	-	-
Total share capital and warrants, end of period		**37,063,438**		**-**

Common Shares and Warrants Issued for Cash

On August 2, 2012, the Company issued a total of 6,000,000 post-consolidation (120,000,000 pre-consolidation) units at a price of $1.00 per unit for gross proceeds of $6,000,000 through a brokered private placement. Each unit comprises one common share and one share purchase warrant entitling the holder to purchase one LGX common share at a price of $1.30 per share for a period of three years. Using the Black-Scholes pricing model, the Company calculated a fair value of $0.64 per share warrant at the issue date. The Company allocated $3,840,000 of the gross proceeds to share warrants and $2,160,000 of the gross proceeds to share capital.

The assumptions used in the Black-Scholes calculation are:

Risk-free interest rate (%)	1.1
Expected life (years)	3
Estimated volatility of underlying common shares (%) (1)	99
Expected dividend yield (%)	-
Common share price (2)	1.10

(1) The Company estimates the volatility based on the Company's one year historical volatility prior to the issue of share warrants.
(2) TSX Venture Exchange ("TSX-V") closing price on the issue date

On August 17, 2012, pursuant to a rights offering to the shareholders of LGX on July 25, 2012, excluding Legacy, the Company issued a total of 531,991 post-consolidation (10,639,827 pre-consolidation) common shares at a price of $1.00 per share for gross cash proceeds of $531,991.

15. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. See Note 2 above regarding going concern.

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

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

The Company's share capital is not subject to external restrictions; however, the bank debt facility is based on oil and natural gas reserves and contains a current assets to current liabilities (as defined by the lending agreement terms) covenant (see Note 10).

The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the next twelve months. There were no changes in the Company's approach to capital management during the period.

16. EARNINGS (LOSS) PER SHARE AMOUNTS

The average market value of the Company's shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the stock options were outstanding.

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

	Three Months Ended September 30		**Nine Months Ended September 30**	
Earnings (loss) per share calculation:	**2012**	**2011**	**2012**	**2011**
Numerator ($)				
Net income (loss) for the period	10,254,593	(100,863)	10,442,354	(1,977,892)
Denominator (Number)				
Weighted average common shares outstanding – Basic	26,887,462	n/a	9,027,907	n/a
Effect of stock options and share warrants outstanding	-	n/a	-	n/a
Weighted average common shares outstanding – Diluted	26,887,462	n/a	9,027,907	n/a
Earnings (loss) per share ($)				
Basic	0.38	n/a	1.16	n/a
Diluted	0.38	n/a	1.16	n/a

As at December 31, 2011 and September 30, 2011, SA Assets had no issued and outstanding common shares.

17. SHARE-BASED PAYMENTS AND COMPENSATION PLANS

Stock Options

The Company maintains a Stock Option Plan to provide certain directors, officers, employees and consultants with an opportunity to purchase common shares of the Company and to benefit from the appreciation thereof. Under the Stock Option Plan, administered by the Board of Directors of LGX, the Company may grant an aggregate number of stock options up to 10% of the common shares (on a non-diluted basis) outstanding at the time.

The Stock Option Plan entitles the holder to acquire shares of the Company at the exercise price, established at the time of the grant, after vesting and before expiry. The exercise price, expiry date and vesting period of each stock option grant are determined by the Board of Directors, provided that such exercise price shall not be less than the last closing price of the Company Shares on the TSX-V on the last trading day prior to the date of grant and the expiry date of options granted shall not be later than five years from the date of the grant. It is Company policy to grant stock options with a five year term and vesting at a rate of one third on each of the three anniversaries of the date of the grant. The Board of Directors, in its sole discretion at any time, may accelerate the vesting of stock options previously granted.

The following table sets forth a reconciliation of Stock Option Plan activity through to September 30, 2012:

	Nine Months Ended September 30, 2012		Year Ended December 31, 2011	
($ – except share number)	**Number**	**Weighted Average Exercise Price**	**Number**	**Weighted Average Exercise Price**
Balance, beginning of period	-	-	-	-
Acquired	621,000	4.23	-	-
Granted	1,800,000	1.09	-	-
Balance, end of period	2,421,000	1.89	-	-
Exercisable	621,000	4.23	-	-

Pursuant to the reverse acquisition of LGX (Note 9), the SA Assets acquired 621,000 fully vested post-consolidation (12,420,000 pre-consolidation) LGX stock options with a weighted average exercise price of $4.23 per stock option. As these stock options were fully vested on the reverse acquisition date, no fair value has been ascribed to the stock options as part of determining the net assets acquired on the reverse acquisition date.

Subsequent to the reverse acquisition of LGX (Note 9), the Company granted 1,800,000 stock options during the period ended September 30, 2012. The weighted average fair value of stock options granted from the Stock Option Plan during the period ended September 30, 2012 was $1.09 per stock option at the grant date using the Black-Scholes pricing model.

The assumptions used in the calculations are:

	Nine Months Ended September 30 2012	Year Ended December 31 2011
Risk-free interest rate (%)	1.4	-
Expected life (years)	5.0	-
Estimated volatility of underlying common shares (%) (1)	103	-
Expected dividend yield (%)	-	-
Estimated forfeiture rate (%)	10	-

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

The following table summarizes the Company's share-based payments for the three and nine months ended September 30, 2012 and 2011:

	Three Months Ended September 30		Nine Months Ended September 30	
($)	**2012**	**2011**	**2012**	**2011**
Share-based payments expensed in net income (loss)	51,475	15,556	63,876	60,988
Share-based payments capitalized to:				
Exploration and evaluation assets	20,776	-	20,776	-
Total Share-based payments	72,251	15,556	84,652	60,988

18. FINANCIAL INSTRUMENTS

The Company's financial instruments recognized on the consolidated statement of financial position consist of cash and cash equivalents, trade and other receivables, trade and other payables, and bank debt (refer to Note 11).

Fair Value of Financial Instruments

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

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

Risks associated with Financial Instruments

Credit risk

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

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

Cash equivalents include short-term deposits placed with financial institutions with strong investment grade ratings.

The Company's trade and other receivables are with customers and joint venture partners in the petroleum and natural gas business and are subject to normal credit risks. Concentration of credit risk is mitigated by marketing production to numerous purchasers under normal industry sale and payment terms. As is common in the petroleum and natural gas industry in western Canada, receivables relating to the sale of petroleum and natural gas are received on or about the 25th day of the following month. Of the $1.0 million of trade and other receivables outstanding as at September 30, 2012 (December 31, 2011 – $3.5 million), $0.3 million related to the sale of petroleum and natural gas and was received October 25, 2012 (December 31, 2011 – $0.05 million and was received January 25, 2012). The accounts receivable balance includes $0.4 million from joint venture partners relating to the recovery of their interest in operating costs and capital spent (December 31, 2011 - $3.0 million). At September 30, 2012, the largest amount owing from one partner was $0.1 million. As the operator of properties, LGX has the ability to not allocate production to joint venture partners who are in default of amounts owing.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures. To facilitate the funding of the capital expenditure program, the Company has a revolving reserve based credit facility, as outlined in Note 10.

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

The Company expects to satisfy obligations under accounts payable in less than one year. LGX has a revolving reserve based credit facility as outlined in Note 10. The credit facility is available on a revolving basis and is formally reviewed by the bank annually. The credit facility is a demand loan. Although management expects that the bank will extend the facility in 2012, there can be no assurance that the bank will choose to do so. Should the bank not extend the loan, the Company would need to seek alternative forms of debt or equity financing or dispose of certain assets to repay the outstanding indebtedness.

The following are the contractual maturities of financial liabilities at September 30, 2012:

($)	**< 1 Year**	**1-3 Years**	**3-5 Years**	**Thereafter**	**Total**
Bank debt	28,465	-	-	-	28,465
Accounts payable and accrued liabilities	6,099,172	-	-	-	6,099,172
	6,127,637	-	-	-	6,127,637

Market risk

Market risk is comprised of currency risk, interest rate risk and other price risks which consist primarily of fluctuations in petroleum and natural gas prices. The valuation of the financial assets and liabilities on the condensed interim consolidated statement of financial position as at September 30, 2012 has not been significantly impacted by changes in currency rates. Currency rates influence petroleum and natural gas prices; however, this influence on commodity prices and the resulting impact on financial assets and liabilities cannot be accurately quantified.

Currency risk

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

Interest rate risk

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

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

Commodity price risk

The Company is exposed to commodity price risk arising from the effect that fluctuations of future commodity prices may have on the fair value or future cash flows of financial assets and liabilities. From time to time, LGX may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, LGX will not benefit from such increases. The use of such agreements is governed under formal policies and is subject to limits established by the Board of Directors. The Company's policy is to not use derivative financial instruments for speculative purposes. The Company has not entered into any financial derivative contracts as at September 30, 2012. The SA Assets had not entered into any financial derivative contracts as at December 31, 2011.

19. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three Months Ended September 30		**Nine Months Ended September 30**	
($)	**2012**	**2011**	**2012**	**2011**
Cash flow from operating activities				
Net change in non-cash working capital:				
Trade and other receivables	3,840,514	-	3,846,596	-
Trade and other payables	(7,815,176)	-	(7,799,823)	-
	(3,974,662)	-	(3,953,227)	-

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

	Three Months Ended September 30		Nine Months Ended September 30	
($)	**2012**	**2011**	**2012**	**2011**
Additions to property, plant and equipment *(Note 9)*	(3,522)	-	(3,522)	-
Additions to exploration and evaluation assets *(Note 8)*	(1,407,474)	(7,629,923)	(2,553,195)	(17,414,474)
	(1,410,996)	(7,629,923)	(2,556,717)	(17,414,474)
Net change in non-cash working capital relating to:				
Trade and other receivables	(3,807,910)	(1,396,260)	(325,818)	(1,489,639)
Trade and other payables	6,955,966	925,165	17,537	5,276,936
Capital expenditures on property, plant and equipment and exploration and evaluation assets	1,737,060	(8,101,018)	(2,864,998)	(13,627,177)

20. RELATED PARTY TRANSACTIONS

Refer to Note 5 for the SA Assets common-control transaction as well as the reverse acquisition of LGX.

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 (Note 9), 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 (Note 9), 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 (Note 9), 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.

21. COMMITMENTS AND CONTINGENCIES

Drilling commitments

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

Services Agreement

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

22. 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 post-consolidation 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.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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 post-consolidation common shares to the vendor pursuant to the acquisition.

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.

CORPORATE INFORMATION

OFFICERS

Trent J. Yanko
President + Chief Executive Officer

Matt Janisch
Vice President, Finance + Chief Financial Officer

Mark Franko
Corporate Secretary

DIRECTORS

James Pasieka
Chairman

Chris Bloomer (1)(2)

Jim Welykochy (1)(2)

Neil Roszell (1)(2)

Trent J. Yanko

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

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BANKERS
Canadian Western Bank

LEGAL COUNSEL
Heenan Blaikie LLP
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STOCK EXCHANGE LISTING
TSX Venture Exchange (“TSX-V”)
Trading Symbol: OIL