LGX OIL + GAS INC.

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2014

Dated March 24, 2015

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DEFINITIONS

Unless the context indicates otherwise, the following terms shall have the meanings set out below when used in this AIF. Certain other terms and abbreviations used herein, but not defined herein, are defined in NI 51-101 or the COGE Handbook and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101 or the COGE Handbook.

"**ABCA**" means the *Business Corporations Act* (Alberta);

"**AIF**" means this Annual Information Form;

"**Blood Lease**" has the meaning provided under the heading "Blood Lease";

"**Blood Tribe**" means the Blood Tribe First Nation;

"**Blood Tribe Reserve**" means the reserve of the Blood Tribe located in southern Alberta;

"**Board**" means the board of directors of LGX;

"**CBCA**" means the *Canada Business Corporations Act*;

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum;

"**Common Shares**" means the common shares of LGX;

"**Emergency Order**" means the emergency order for the protection of the Greater Sage-Grouse issued pursuant to the *Species at Risk Act* (Canada) which came into force on February 18, 2014 and is described further under the heading "Environmental Matters – The Emergency Order";

"**GLJ**" means GLJ Petroleum Consultants Ltd., independent petroleum consultants of Calgary, Alberta;

"**GLJ Report**" means the independent engineering report, dated March 10, 2015 and effective December 31, 2014, prepared by GLJ evaluating the oil, NGL and natural gas reserves attributable to the properties of LGX;

"**IOGC**" means Indian Oil & Gas Canada;

"**LGX**" or the "**Corporation**" means LGX Oil + Gas Inc.;

"**Legacy**" means Legacy Oil + Gas Inc.;

"**Legacy Joint Venture**" has the meaning provided under the heading "General Development of the Business";

"**Legacy Transaction**" means the acquisition by the Corporation of certain oil and natural gas assets in southern Alberta from Legacy and the change of directors and management of the Corporation completed on July 5, 2012, as described under the heading "General Development of the Business";

"**NI 51-101**" means National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities;

"**Pre-Consolidation Shares**" means the common shares of LGX prior to their consolidation on a 20 to 1 basis on August 20, 2012;

"**Services Agreement**" means the services agreement dated July 5, 2012 between Legacy and LGX, as described under the heading "Services Agreement"; and

"**TSXV**" means the TSX Venture Exchange.

ABBREVIATIONS AND CONVERSION

In this AIF, the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids		**Natural Gas**	
Bbl	barrel	Mcf	thousand cubic feet
Bbls	barrels	MMcf	million cubic feet
MBbls	thousand barrels	Mcf/d	thousand cubic feet per day
MMBbls	million barrels	MMcf/d	million cubic feet per day
Mstb	1,000 stock tank barrels	MMBtu	million British Thermal Units
Bbl/d	barrels per day	Bcf	billion cubic feet
NGLs	natural gas liquids	GJ	gigajoule
stb	standard tank barrels		

The following table sets forth certain standard conversions from Standard Imperial Units to the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
Bbls	Cubic metres	0.159
Cubic metres	Bbls	6.293
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.50
Gigajoules	MMbtu	0.950
MMbtu	Gigajoules	1.0526

Other

AECO	a natural gas storage facility located at Suffield, Alberta
API	American Petroleum Institute
°API	an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil
BOE	barrel of oil equivalent on the basis of 1 BOE to 6 Mcf of natural gas
BOE/d	barrel of oil equivalent per day
m3	cubic metres
MBOE	1,000 barrels of oil equivalent
$000s	thousands of dollars
M$	thousands of dollars
MM$	millions of dollars
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

NOTES ON RESERVES DATA AND OTHER OIL AND NATURAL GAS INFORMATION

Caution Respecting Reserves Information

The determination of oil and natural gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved and probable reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery. The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

The recovery and reserve estimates of oil, NGL and natural gas reserves provided herein are estimates only. Actual reserves may be greater than or less than the estimates provided herein. The estimated future net revenue from the production of LGX's natural gas and petroleum reserves does not represent the fair market value of LGX's reserves.

Caution Respecting BOE

In this AIF, the abbreviation BOE means barrel of oil equivalent on the basis of 1 BOE to 6 Mcf of natural gas when converting natural gas to BOEs. **BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf to 1 BOE is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio of oil compared to natural gas based on currently prevailing prices is significantly different than the energy equivalency conversion ratio of 6 Mcf to 1 BOE, utilizing a conversion ratio of 6 Mcf to 1 BOE may be misleading as an indication of value.**

Definitions

Certain terms used in this AIF in describing reserves and other oil and natural gas information are defined below. Certain other terms and abbreviations used in this AIF, but not defined or described, are defined in NI 51-101 or the COGE Handbook and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101 or the COGE Handbook.

Reserves

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on: (a) analysis of drilling, geological, geophysical and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates as follows:

"**proved reserves**" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"**probable reserves**" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

The qualitative certainty levels referred to in the definitions above are applicable to “individual reserves entities” (which refers to the lowest level at which reserves calculations are performed) and to “reported reserves” (which refers to the highest-level sum of individual entity estimates for which reserves estimates are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and

- at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

Each of the reserves categories (proved and probable) may be divided into developed and undeveloped categories as follows:

“**developed reserves**” are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing as follows:

“**developed producing reserves**” are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

“**developed non-producing reserves**” are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

“**undeveloped reserves**” are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator’s assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

Interests in Reserves, Production, Wells and Properties

“**gross**” means: (a) in relation to an issuer’s interest in production or reserves, its “company gross reserves”, which are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the issuer; (b) in relation to wells, the total number of wells in which an issuer has an interest; and (c) in relation to properties, the total area of properties in which an issuer has an interest.

“**net**” means: (a) in relation to an issuer’s interest in production or reserves its working interest (operating or non-operating) share after deduction of royalty obligations, plus its royalty interests in production or reserves; (b) in relation to an issuer’s interest in wells, the number of wells obtained by aggregating the issuer’s working interest in each of its gross wells; and (c) in relation to an issuer’s interest in a property, the total area in which the issuer has an interest multiplied by the working interest owned by the issuer.

“**working interest**” means the percentage of undivided interest held by an issuer in the oil and/or natural gas or mineral lease granted by the mineral owner, Crown or freehold, which interest gives the issuer the right to “work” the property (lease) to explore for, develop, produce and market the leased substances.

Description of Exploration and Development Wells and Costs

"**development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the crude oil and natural gas from the reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to: (a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves; (b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and wellhead assembly; (c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and (d) provide improved recovery systems.

"**development well**" means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

"**exploration costs**" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and natural gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are: (a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs"); (b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records; (c) dry hole contributions and bottom hole contributions; (d) costs of drilling and equipping exploratory wells; and (e) costs of drilling exploratory type stratigraphic test wells.

"**exploration well**" means a well that is not a development well, a service well or a stratigraphic test well.

"**service well**" means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt water disposal, water supply for injection, observation or injection for combustion.

NOTE ON SHARE REFERENCES

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

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This AIF contains forward-looking statements. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” and similar expressions are intended to identify forward-looking statements. More particularly, this AIF contains forward-looking statements with respect to: (i) the potential impact on LGX’s operations and reserves of matters associated with the continuance of the Blood Lease and the satisfaction of drilling commitments thereunder; (ii) the potential impact of the Emergency Order on LGX’s operations and reserves; (iii) the anticipated timing of expenditures by LGX to satisfy decommissioning and asset retirement obligations and the anticipated source of funding for such expenditures; (iv) the anticipated impact of environmental laws and regulations on LGX; (v) LGX’s plans for the development of its proven and probable undeveloped reserves; (vi) LGX’s plans for funding future development costs and ongoing environmental obligations; (vii) LGX’s tax horizon; and (viii) the anticipated impact on LGX of the factors discussed under the headings “Environmental Matters” and “Industry Conditions”.

The forward-looking statements are based on certain key expectations and assumptions made by LGX, including, but not limited to:

- oil and natural gas production levels;
- prevailing commodity prices and exchange rates;
- prevailing weather conditions;
- availability of labour, services and equipment;
- timing and amount of capital expenditures;
- general economic and financial market conditions;
- government regulation in the areas of taxation, royalty rates and environmental protection;
- the satisfaction of drilling commitments under the Blood Lease and the outcome of efforts to obtain a continuance of the term of the Blood Lease;
- the application of the Emergency Order; and
- the success of exploration and development activities.

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:

- volatility in market prices for oil and natural gas;
- volatility in exchange rates;
- liabilities inherent in oil and natural gas operations;
- uncertainties associated with estimating oil and natural gas reserves;
- inability to secure labour, services and equipment on a timely basis or favourable terms;
- competition for, among other things, acquisitions of reserves, undeveloped lands and skilled personnel;
- unfavourable weather conditions;

- the potential for disputes and litigation with partners, service providers, land owners and other industry participants;
- incorrect assessments of the value of acquisitions and exploration and development programs;
- geological, technical, drilling, production and processing problems;
- restrictions in the availability and cost of capital;
- changes in legislation, including changes in tax laws, royalty rates and incentive programs relating to the oil and natural gas industry;
- uncertainties concerning the outcome of efforts to obtain a continuance of the term of the Blood Lease;
- uncertainties as to the application and impact of the Emergency Order and the outcome of efforts by LGX to quash or amend the Emergency Order; and
- the other factors discussed under "Risk Factors".

Statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this AIF are expressly qualified by this cautionary statement. LGX does not undertake any obligation to publicly update or revise any forward-looking statements other than as required under applicable securities laws.

CORPORATE STRUCTURE

Head Office and Registered Office

The head office of LGX is located at 4400, 525 – 8th Avenue S.W., Calgary, Alberta. The registered office of LGX is located at 4000, 421 – 7th Avenue S.W., Calgary, Alberta. The Common Shares are listed for trading on the TSXV under the symbol "OIL". LGX is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec.

Jurisdiction of Incorporation

The Corporation was originally incorporated on January 30, 1987 under the laws of British Columbia. The Corporation was continued under the CBCA on September 8, 1994. LGX was continued under the ABCA on June 27, 2013.

Material Amendments to Incorporating Documents

On August 20, 2012, the Corporation amended its articles to consolidate its common shares on a 20 to 1 basis and change its name from Bowood Energy Ltd. to LGX Oil + Gas Inc.

Material Reorganizations

On January 1, 2013, LGX amalgamated with its wholly-owned subsidiary Bowood Energy Ltd.

Intercorporate Relationships

The following table provides the name, the percentage of voting securities owned (directly or indirectly) by LGX, the nature of the entity and the jurisdiction of incorporation or formation of each of LGX's subsidiaries, either direct or indirect, as at the date hereof.

Name	Percentage of voting securities (directly or indirectly)	Nature of Entity	Jurisdiction of Incorporation / Formation
6801561 Canada Inc.	100%	Corporation	CBCA
Roadrunner Oil & Gas (USA) Inc.	100%	Corporation	Michigan

GENERAL DEVELOPMENT OF THE BUSINESS

LGX is engaged in the acquisition, exploration, development and production of oil and natural gas reserves. All of LGX's material oil and natural gas properties are located in the Province of Alberta. A summary of the significant financings and transactions completed by LGX over the last five financial years is provided below.

On September 21, 2010, the Corporation completed a prospectus offering of 88,000,000 subscription receipts at a price of $0.25 per subscription receipt for gross proceeds of $22 million. Each subscription receipt was converted into one Pre-Consolidation Share for no additional consideration upon the completion of the acquisition of the Blood Lease. A portion of the proceeds of the offering was used to fund the cash consideration payable by the Corporation for the Blood Lease.

On October 25, 2010, the Corporation acquired the Blood Lease. See "*Blood Lease*".

On December 7, 2010, the Corporation entered into a strategic joint venture, farmout and equalization arrangement with Legacy respecting the Corporation's Alberta Bakken fairway lands, including lands located both on and outside of the Blood Tribe Reserve (the "**Legacy Joint Venture**"). The arrangement included the sale by the Corporation to Legacy for cash consideration of $8,000,000 of a 50 percent working interest in 33,280 gross acres of undeveloped land not located on the Blood Tribe Reserve. The arrangement also provided for an initial commitment from Legacy to the Corporation to drill two (2) horizontal test wells targeting the lower Banff, Exshaw/Bakken and Big Valley formations on the lands governed by the arrangement. Both test wells were drilled, completed and commenced production in 2011. With each test well, Legacy was responsible for 80 percent of the Corporation's share of the drilling and completion costs of such test well and earned a 50 percent working interest in 8 sections of the lands, subject to an adjustment for the interest of a participant designated by the Blood Tribe with respect to a well which was drilled on the Blood Tribe Reserve.

On July 5, 2012, the Corporation and Legacy completed the Legacy Transaction. Pursuant to the Legacy Transaction, the Corporation acquired certain assets in southern Alberta from Legacy in exchange for 200,000,000 Pre-Consolidation Shares. The acquired assets consisted primarily of Legacy's Alberta Bakken assets, comprised of an average working interest of approximately 50% in 66,846 gross (33,324 net) acres of undeveloped land in the Del Bonita area of southern Alberta and 2 gross (0.9 net) producing oil wells. Legacy's Alberta Bakken assets included the lands acquired and earned by Legacy pursuant to the Legacy Joint Venture. The remaining portion of the assets consisted of an aggregate of 41,098 gross (35,257 net) acres of undeveloped land in the High River, Pincher Creek, Strathmore/Entice, Farrow and Coleman areas of southern Alberta.

As part of the Legacy Transaction: (i) the former officers of the Corporation 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; (ii) the Board of Directors was reconstituted to be comprised of James Pasieka as chairman, Trent Yanko, Chris Bloomer, Jim Welykochy and Neil Roszell; and (iii) the Corporation and Legacy entered into the Services Agreement. See "*Services Agreement*".

As a result of the Legacy Transaction, the Legacy Joint Venture was terminated. The Corporation remains subject to the drilling commitments associated with the Blood Lease. See "*Blood Lease*".

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

On August 17, 2012, the Corporation completed a rights offering to its shareholders of record on July 25, 2012, excluding Legacy. Pursuant to the rights offering, the Corporation issued a total of 10,639,827 Pre-Consolidation Shares at a price of $0.05 per share for gross proceeds of $531,991.

On August 20, 2012, the Corporation consolidated its shares on a 20 to 1 basis and changed its name from Bowood Energy Inc. to LGX Oil + Gas Inc.

On November 7, 2012, LGX completed a bought deal prospectus offering of 49,500,000 subscription receipts at a price of $0.86 per subscription receipt and 4,810,000 Common Shares issued on a flow-through basis at a price of $1.04 each for total gross proceeds of $47,572,400. Each subscription receipt was converted into one Common Share for no additional consideration upon the completion of the acquisition by LGX of the Manyberries assets, described below. A portion of the proceeds of the offering were used to fund the cash consideration payable by LGX pursuant to the acquisition of the Manyberries assets.

On November 7, 2012, LGX acquired certain oil and natural gas assets in the Manyberries areas of southern Alberta for total consideration of $42,500,000 million in cash (subject to customary closing adjustments) and 4,069,767 Common Shares. The Manyberries assets are described further in this AIF under the heading "Principal Properties".

BLOOD LEASE

On October 25, 2010, the Corporation acquired a lease of petroleum and natural gas rights respecting 60,634 gross acres of undeveloped land from Kainaiwa Resources Inc., a corporation wholly owned by the Blood Tribe (the "**Blood Lease**"). The lands governed by the Blood Lease are located on the Blood Tribe Reserve. The lands are located within the Alberta Bakken fairway and are prospective for light oil in the lower Banff, Exshaw and Big Valley formations and for natural gas in the Bow Island Formation.

The consideration paid by the Corporation for the Blood Lease consisted of: (i) a land bonus to Her Majesty the Queen in Right of Canada, as represented by IOGC, on behalf of Kainaiwa Resources Inc. and the Blood Tribe, in the amount of $12,128,000, and (ii) a non-refundable one-time payment of $2,000,000 to Kainai Energy Limited Partnership. The Blood Lease provides for annual rent in the amount of $5.00 per hectare (approximately $122,000 per year) and royalties to be paid at substantially similar rates to standard Alberta crown equivalent rates, subject to a minimum royalty rate of 10%.

In connection with the acquisition of the Blood Lease, the Corporation committed to drill a minimum of one well on the leased lands in each of the first and second years of the lease and a minimum of two wells in each of the third, fourth and fifth years of the lease, in each case to a minimum depth of 1,000 metres or 5 metres into the Devonian, whichever occurs first. Prior to the drilling of each well by the Corporation on the leased lands, the Blood Tribe or its designated participant has the option to elect to participate, on a straight-up basis, for a 20% working interest in the drilling and completion/equipping or abandonment of such well. Should such an election be made, the participant shall be a 20% working interest partner and, as such, shall be fully responsible and liable for its working interest share of all capital and operating costs, including any liabilities and obligations associated therewith. The joint operations will be governed by standard CAPL operating procedures and will incorporate standard industry elections and terms, except that there will not be a right of first refusal on the participant's working interest in favour of the Corporation. Should such an election not be made, the Blood Tribe or its nominee shall be entitled to a 20% working interest in each well once the Corporation has recovered 200% of the total capital costs associated with the well, such that the Blood Tribe shall end up with a 20% working interest in the well.

The initial term of the Blood Lease ends on September 30, 2015. LGX has applied to the IOGC pursuant to the *Indian Oil and Gas Regulations* to continue the term of the Blood Lease for a further five years. Under the *Indian Oil and Gas Regulations*, provided a lessor is not in default, the Executive Director of the IOGC shall grant a continuance for a further five year term of the portion of any leased lands that: (i) is within a spacing unit, project, unit or pooled area that contains a well that is producing, or that is capable of producing, oil or gas in paying quantity; (ii) is determined by the Executive Director to be within the limits of an oil or gas pool; or (iii) is an area for which a compensatory royalty is being paid. The Executive Director of the IOGC may, with the consent of the applicable band council, grant a continuance for a period not exceeding five years of any portion of any leased lands that does not qualify under the foregoing criteria for non-discretionary continuance. LGX has requested a determination from the IOGC of the portions of the lands held under the Blood Lease that satisfy the foregoing criteria for non-discretionary continuance, but has not received a final determination as at the date of this AIF. The continuance of any area of the lands leased under the Blood Lease that does not satisfy the foregoing criteria for non-discretionary continuance will require the agreement of the Executive Director of the IOGC and the band council of the Blood Tribe.

Pursuant to the Blood Lease, LGX has a commitment to spud two test wells on the Blood Lease on or before September 30, 2015. Each test well must be drilled thereafter to a minimum depth of 1,000 metres or 5 metres into the Devonian, whichever occurs first. If LGX does not fulfill this drilling commitment, LGX would be in default under the Blood Lease and would not be entitled to a continuance of the term of the Blood Lease. In this circumstance, the Blood Lease shall be continued only as to the spacing units related to the existing wells producing or deemed capable of production. This, in turn, would have a material adverse effect on LGX's reserves as it would eliminate the reserves assigned to future drilling locations on lands held under the Blood Lease. See "*Reserves Data – Effect of Blood Lease on Reserves Data*" and "*Risk Factors – Blood Lease*".

DESCRIPTION OF THE BUSINESS

Corporate Strategy

LGX's business plan is to pursue profitable per share growth in reserves, production and cash flow, with a focus on light oil in southern Alberta. To accomplish this, LGX pursues an integrated growth strategy, including strategic and/or accretive acquisitions together with development and exploration drilling.

To achieve sustainable and profitable growth, management of LGX believes in controlling the timing and costs of its projects wherever possible. Accordingly, LGX seeks to become the operator of its properties to the greatest extent possible. Further, to minimize competition within its geographic areas of interest, LGX strives to maximize its working interest ownership in its properties where reasonably possible. Management of LGX has industry experience in producing areas in western Canada and has the capability to expand the scope of its activities as opportunities arise.

In reviewing potential drilling or acquisition opportunities, LGX gives consideration to the following criteria:

(a) risk capital to secure or evaluate the opportunity;

(b) the potential return on the project, if successful;

(c) the likelihood of success; and

(d) risked return versus cost of capital.

It should be noted that the Board may, in its discretion, approve asset or corporate acquisitions or investments that do not conform to the guidelines discussed above based upon the Board's consideration of the qualitative aspects of the subject properties, including risk profile, technical upside, reserve life, strategic importance and asset quality.

Competition

The oil and natural gas industry is competitive in all its phases. LGX competes with numerous other participants in the acquisition, exploration and development of oil and natural gas assets, the securing of labour and services and the marketing of oil and natural gas. LGX's competitors include resource companies which have greater financial resources, staff and facilities than those of LGX. LGX believes that its competitive position is, on the whole, equivalent to that of other oil and natural gas producers of similar size and at a similar stage of developments.

Seasonal Factors

The exploration for and development of oil and natural gas reserves is dependent on access to areas where operations are to be conducted. Seasonal weather variations affect access in certain circumstances. In particular, the occurrence of spring thawing, referred to as break-up, results in the implementation of road bans and other operational restrictions that impede the ability of companies like LGX to drill new wells and efficiently produce from existing wells. The effect of break-up is predominantly felt in the second quarter of each financial year. Unexpected adverse weather conditions, such as flooding, prolonged break-up or extreme winter conditions, can have a significant negative impact on production, operations and costs.

Personnel

As at December 31, 2014, LGX had one field employee. Legacy provides technical, corporate, regulatory, administrative and asset management services to LGX pursuant to the Services Agreement. See "*Services Agreement*".

ENVIRONMENTAL MATTERS

The Emergency Order

The Emergency Order came into effect on February 18, 2014. The Emergency Order is an order issued pursuant to the *Species at Risk Act* (Canada). The stated purpose of the Emergency Order is to address the imminent threats to the survival and recovery of the Greater Sage-Grouse, including protecting the habitat identified in the Emergency Order to help stabilize the Greater Sage-Grouse population and begin its recovery. Among other things, the Emergency Order imposes a year-round prohibition on killing or moving sagebrush, native grasses or native forbs, constructing or installing new sources of chronic noise, constructing new roads or widening existing roads and installing or constructing new structures or machines in excess of 1.2 metres in height. In addition, between April 1 and May 30 each year, the Emergency Order prohibits the operation of a facility, vehicle or machine that produces noise exceeding 45dB(A) within 3.2 kilometers of Greater Sage-Grouse mating sites from 1.5 hours before sunset to 1.5 hours after sunrise.

The Emergency Order applies to specified federal and provincial Crown lands. The majority of LGX's Manyberries property is located on specified provincial Crown lands covered by the Emergency Order. The Emergency Order does not affect LGX's Alberta Bakken properties.

A copy of the Emergency Order is attached to the material change report of LGX dated January 3, 2014. The material change report has been filed on SEDAR and may be reviewed under LGX's profile at the SEDAR website at www.sedar.com.

LGX has concluded that the Emergency Order has the potential to have a significant adverse effect on LGX's ability to maintain and increase production at Manyberries and to prevent the drilling of new wells there. The Emergency Order may also negatively affect the reserves volumes assigned to the Manyberries property in future estimates of such. See "Risk Factors – Emergency Order" and "Statement of Reserves Data – Effect of the Emergency Order on Reserves Data".

LGX, in conjunction with another producer in the area, has filed an application with the Federal Court of Canada for judicial review of the Emergency Order on the grounds that certain provisions of the *Species at Risk Act* (Canada) are *ultra vires* the jurisdiction of the Parliament of Canada and are of no force and effect, and that the Minister of Environment and Governor General in Council failed to consult with LGX and the other producer, and therefore did not adhere to the requirements of procedural fairness and natural justice in recommending and making the Emergency Order. As a result of the failure to consult, the Minister and Governor General in Council relied on a number of erroneous facts and assumptions, rendering their decisions unreasonable.

LGX and the other producer are seeking an order of the Federal Court quashing the Emergency Order. LGX may pursue compensation for losses arising from any impact to its operations at Manyberries. LGX may also seek additional relief to protect its interests at Manyberries.

LGX has been in full compliance with the Province of Alberta's comprehensive legislative and regulatory framework for the protection of the Greater Sage-Grouse which has been in place since 1996, including the provincial recovery plan for the Greater Sage-Grouse.

Licensee Liability Rating

In Alberta, the Alberta Energy Regulator ("**AER**") administers the Licensee Liability Rating Program (the "**LLR Program**"). The LLR Program is a liability management program governing most conventional upstream oil and gas wells, facilities and pipelines. The *Oil and Gas Conservation Act* establishes an orphan fund (the "**Orphan Fund**") to pay the costs to suspend, abandon, remediate and reclaim a well, facility or pipeline included in the LLR Program if a licensee or working interest participant becomes defunct. The Orphan Fund is funded by licensees in the LLR Program through a levy administered by the AER. The LLR Program is designed to minimize the risk to the Orphan Fund posed by unfunded liability of licensees and prevent the taxpayers of Alberta from incurring costs to suspend, abandon, remediate and reclaim wells, facilities or pipelines.

The LLR Program involves the assessment of the ratio of a licensee's deemed assets to its deemed liabilities. The LLR Program requires a licensee whose deemed assets are less than its deemed liabilities (an LLR ration of less than 1.0) to provide the AER with a security deposit. The LLR ratio of deemed liabilities to deemed assets is assessed once each month and failure to post the required security deposit may result in the initiation of enforcement action by the AER.

On May 1, 2013, the AER began to implement a three year program of changes to the LLR Program. Some of the important changes included:

- a 25 percent increase to the prescribed average reclamation cost for each individual well or facility (which will increase a licensee's deemed liabilities);
- a $7,000 increase to facility abandonment cost parameters for each well equivalent (which will increase a licensee's deemed liabilities);
- a decrease in the industry average netback from a five-year to a three-year average (which will affect the calculation of a licensee's deemed assets, as the reduction from five to three years results in the average being more sensitive to price changes); and
- a change to the present value and salvage factor, which increase to 1.0 for all active facilities from the current 0.75 for active wells and 0.50 for active facilities (which will increase a licensee's deemed liabilities).

The changes resulted in a significant increase in the number of oil and gas companies in Alberta that are required to post security with the AER.

LGX's LLR ratio fell below 1.0 in the fourth quarter of 2014. As an alternative to providing the AER with a security deposit, LGX elected to apply to the AER for admission to the LLR Program Management Plan. The purpose of the LLR Program Management Plan is to allow licensees to undertake appropriate measures over a set time period to meet their LLR Program requirements. The intent is to have licensees become and remain fully compliant with the LLR Program and meet their regulatory obligation to abandon and reclaim their wells, facilities, and pipelines.

LGX was admitted to the LLR Program Management Plan on February 3, 2015. LGX will be required to make quarterly security payments, conduct certain abandonment and reclamation work, monitor its LLR ratio and demonstrate improvement in the LLR ratio and provide monthly reports to the AER. LGX must attain a LLR ratio of 1.2 to exit the LLR Program Management Plan. While in the plan, LGX may apply to transfer wells, pipelines, and facilities, but these transfers must improve its LLR ratio. For any transfers that decrease the LLR ratio, security is owed on the transfer. The AER may condition or refuse licence transfers.

Inactive Well Compliance Program

On July 4, 2014, the AER introduced the inactive well compliance program (the "**IWCP**") to address the growing inventory of inactive wells in Alberta and to increase the AER's surveillance and compliance efforts under Directive 013: Suspension Requirements for Wells ("**Directive 013"**). The IWCP applies to all inactive wells that are noncompliant with Directive 013 as of April 1, 2015. The objective is to bring all inactive non-compliant wells under the IWCP into compliance with the requirements of Directive 013 within five years. As of April 1, 2015, each licensee will be required to bring 20 percent of its inactive wells into compliance every year, either by reactivating or suspending the wells in accordance with Directive 013 or by abandoning them in accordance with Directive 020: Well Abandonment.

Environmental Regulation

All phases of the oil and natural gas business present environmental risks and hazards and are subject to "cradle to grave" environmental regulation pursuant to international conventions and national, provincial, state and municipal laws and regulations. Environmental legislation governs all aspects and phases of oil and gas development, from planning and construction, through operations and onto final abandonment and reclamation. All jurisdictions have restrictions and prohibitions for spills, releases, discharges, or emissions of various substances produced or used in association with oil and natural gas operations, as well as requirements for oilfield waste handling and storage, habitat protection, and setbacks of oil and natural gas activities from fresh water bodies, buildings and urban centers.

Environmental legislation in the Province of Alberta is, for the most part, set out in the *Environmental Protection and Enhancement Act* and the *Oil and Gas Conservation Act*. This legislation enables numerous regulations, guidelines and codes of practice, which impose strict environmental standards relating to the release of substances and the protection of species, habitat and land capability in the province and include monitoring and reporting obligations that carry significant penalties for non-compliance. The AER is responsible for the administration of both the *Environmental Protection and Enhancement Act* and the *Oil and Gas Conservation Act* as they pertain to oil and natural gas operations.

Environmental legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of significant fines and penalties (including imprisonment) or in the suspension or revocation of necessary licences and approvals. LGX may also be subject to civil liability for damage caused by pollution. Certain environmental protection legislation may subject LGX to statutory strict liability in the event of an accidental spill or discharge from a licensed facility, meaning that fault on the part of LGX need not be established if such a spill or discharge is found to have occurred.

Policies and Procedures

LGX undertakes continuing efforts to ensure compliance with all applicable environmental laws and regulations and to ensure the safety of its employees, consultants and contractors and the general public in all areas where it conducts operations. These efforts include the development and implementation of environmental, health and safety policies, procedures and manuals and the conduct of regular meetings and exercises. LGX has developed corporate emergency response plans for the areas in which it operates.

Decommissioning Liabilities

LGX is obligated to abandon, retire and reclaim wells, well sites and facilities in compliance with applicable environmental laws and regulations. As of December 31, 2014, LGX has recorded in its financial statements decommissioning liabilities of $31.8 million. LGX anticipates that the expenditures necessary to satisfy the decommissioning liabilities will be incurred over a period of 50 years, with the majority of the expenditures being incurred from 2025 to 2040. Ongoing environmental obligations are expected to be funded primarily out of future cash flow.

Other than with respect to the matters described herein under the headings "*Environmental Matters – The Emergency Order*" and "*Environmental Matters – Licensee Liability Rating*", ordinary course operational expenditures necessary to ensure environmental compliance and the cost of health, safety and environmental programs, LGX is not aware of any environmental protection requirement that will impact its capital expenditures, earnings or competitive position in a manner disproportionate to that of its peers in its areas of operation. See "Other Oil and Natural Gas Information - Additional Information Concerning Abandonment and Reclamation Costs" for the undiscounted abandonment and reclamation costs assumed by GLJ in the GLJ Report.

Hydraulic Fracturing

The proliferation of the use of hydraulic fracturing as a recovery technique employed in oil and natural gas drilling has given rise to increased public scrutiny of its environmental aspects, particularly with respect to its potential impact on local aquifers. LGX may utilize hydraulic fracturing in certain of the light oil wells it drills and completes. LGX believes that the hydraulic fracturing that it may conduct, given the depth and location of the wells and the consistent utilization of good oilfield practices, is environmentally sound and would not give rise to similar concerns respecting local aquifers.

LGX anticipates that there will be a trend towards increased regulatory requirements concerning hydraulic fracturing in the future. In 2012, the Canadian Association of Petroleum Producers announced hydraulic fracturing operating practices designed to improve water management and water and fluids reporting for shale gas and tight gas development across Canada. Also in 2012, the Energy Resources Conservation Board of Alberta, now operating as the Alberta Energy Regulator, issued a directive implementing requirements for: (i) electronically reporting fracture fluid data, including service provider, fracture scenario, carrier fluid type, proppant type and additives for wells that have been fractured; (ii) electronically reporting water source data, including source location, source type, diversion permit information and volume for all water used in hydraulic fracturing operations with water quality information required for groundwater sources; and (iii) reporting fluid and water source data in daily reports of operations. Additionally, on May 21, 2013, the Alberta Energy Regulator, issued a directive establishing requirements for: (i) preventing the loss of well integrity at a subject well; (ii) assessing, planning for, and mitigating the risks of interwellbore communication with offset wells; (iii) notifying licensees of at-risk offset wells related to hydraulic fracturing operations; (iv) protecting nonsaline aquifers from hydraulic fracturing operations conducted at depths less than 100 metres below of the base of groundwater protection; and (v) notifying the AER about hydraulic fracturing operations.

Trends

LGX believes that there is a general trend towards stricter standards in environmental and safety legislation and regulation. LGX is committed to meeting its responsibilities to protect the environment and the safety of its workers in all areas where it conducts operations and will take such steps as required to ensure compliance with environmental and safety legislation. No assurance can be given, however, that environmental or safety laws or regulations will not result in a curtailment of production, a material increase in the costs of production or development or exploration activities or otherwise adversely affect LGX's financial condition, capital expenditures, results of operations, competitive position or prospects.

Risks

Breaches of environmental or safety laws, regulations and requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage, injury or death and the imposition of material fines and penalties, all of which might have a significant negative impact on earnings and overall competitiveness. The imposition of new safety laws, regulations and requirements may significantly restrict LGX's operations, increase its costs or negatively impact its competitive position. See under the headings "Risk Factors – Emergency Order", "Risk Factors – Environmental Concerns" and "Risk Factors – Hydraulic Fracturing".

PRINCIPAL PROPERTIES

A description of LGX's principal oil and natural gas properties as at December 31, 2014 is provided below. All of LGX's principal oil and natural gas properties are located in southern Alberta.

Manyberries

The Manyberries property is located in southern Alberta, approximately 310 kilometres southeast of Calgary, Alberta. The Manyberries property includes an average working interest of approximately 55% in 4,880 gross (2,693 net) acres of undeveloped land. Production from the property is weighted 95% to light crude oil and natural gas liquids and 5% to natural gas. The property includes 49 producing oil wells, 43 active injection/ source water wells, 35 abandoned wells, and 139 inactive wells. Major facilities include a main oil battery at 08-28-05-05W4M comprised of a free water knockout, emulsion treater, tank farm, water injection pump building, vapour recovery, line heater, MCC building, and instrumentation/controls. An adjacent gas plant at 07-28-05-05W4M is comprised of a gas compressor and refrigeration unit, condensate storage, 3 phase inlet separator, backup genset, injection pump building, shop and office building. There is another central oil battery at 10-01-05-05W4M comprised of a free water knockout, emulsion treater, tank farm, water injection pump building, inlet test separator, gas compressor, dehydration package, MCC building, and instrumentation/controls.

Alberta Bakken

LGX's Alberta Bakken properties are located in the Del Bonita area of southern Alberta, approximately 180 to 250 kilometres southeast of Calgary. The properties include an average working interest of approximately 99% in 88,897 gross acres of undeveloped land located within the Alberta Bakken fairway and targeting the lower Banff, Exshaw and Big Valley formations for light oil and the Bow Island Formation for natural gas. The Alberta Bakken properties include 5 gross (4.8 net) producing oil wells and 2 gross (2 net) non-producing oil wells. Facilities include a main oil battery at 01-02-009-24W4 comprised of an emulsion treater, inlet test separator, tank farm, recycle pump building, MCC building and related instrumentation and controls.

57,915 gross undeveloped acres, representing 65% of the total undeveloped acres of the Alberta Bakken properties, are held under the Blood Lease. See "*Blood Lease*".

Armada

The Armada property is located in southern Alberta, approximately 130 kilometres southeast of Calgary, Alberta. The Armada property includes an average working interest of approximately 84% in 800 gross (672 net) acres of undeveloped land. Production from the property is weighted 37% to light crude oil and natural gas liquids and 63% to natural gas. The property includes 4 gross (2.15 net) producing oil wells, 2 gross (1.2 net) producing natural gas wells, 1 gross (1 net) non-producing oil wells and 1 gross (0.9 net) non-producing natural gas well. Each producing oil and natural gas well currently operates with a single well battery comprised of a separator package, tank farm and trucking terminal for liquids handling, and a natural gas pipeline gathering system to a third party processor.

STATEMENT OF RESERVES DATA

In accordance with NI 51-101, GLJ prepared the GLJ Report. The GLJ Report evaluated, as at December 31, 2014, the oil, NGL and natural gas reserves attributable to the properties of LGX. The GLJ Report is dated March 10, 2015.

The tables below are a summary of the oil, NGL and natural gas reserves attributable to the properties of LGX and the net present value of future net revenue attributable to such reserves as evaluated in the GLJ Report based on forecast price and cost assumptions. The tables summarize the data contained in the GLJ Report and, as a result, may contain slightly different numbers than such report due to rounding. Also due to rounding, certain columns may not add exactly.

The net present value of future net revenue attributable to reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures and well abandonment costs for only those wells assigned reserves by GLJ. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to reserves estimated by GLJ represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of oil, NGL and natural gas reserves provided herein are estimates only. Actual reserves may be greater than or less than the estimates provided herein.

The GLJ Report is based on certain factual data supplied by LGX and GLJ's opinion of reasonable practice in the industry. The extent and character of ownership and all factual data pertaining to petroleum properties and contracts (except for certain information residing in the public domain) were supplied by LGX to GLJ. GLJ accepted this data as presented and neither title searches nor field inspections were conducted.

Summary of Oil and Gas Reserves – Forecast Prices and Costs

	Gross Reserves				Net Reserves			
	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas	Total Oil Equivalent	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas	Total Oil Equivalent
	MBbls	MBbls	MMcf	MBOE	MBbls	MBbls	MMcf	MBOE
Proved								
Developed Producing	1,558	7	2,333	1,954	1,351	5	2,010	1,691
Developed Non-Producing	78	2	154	106	62	2	137	86
Undeveloped	645	4	748	774	538	3	648	650
Total Proved	2,282	14	3,234	2,834	1,951	10	2,795	2,427
Probable	2,403	14	3,284	2,964	1,970	10	2,877	2,460
Total Proved plus Probable	4,685	27	6,518	5,798	3,922	19	5,672	4,886

Net Present Value of Future Net Revenue – Forecast Prices and Costs

	Before Future Income Tax Expenses and Discounted at				
	0% (M$)	5% (M$)	10% (M$)	15% (M$)	20% (M$)
Proved					
Developed Producing	51,642	38,160	30,191	25,012	21,404
Developed Non-Producing	3,857	2,989	2,396	1,973	1,658
Undeveloped	21,818	11,422	5,778	2,400	237
Total Proved	77,317	52,571	38,366	29,385	23,299
Probable	115,361	57,853	33,328	20,521	13,003
Total Proved plus Probable	192,678	110,424	71,694	49,907	36,302

	After Future Income Tax Expenses and Discounted at				
	0% (M$)	5% (M$)	10% (M$)	15% (M$)	20% (M$)
Proved					
Developed Producing	51,642	38,160	30,191	25,012	21,404
Developed Non-Producing	3,857	2,989	2,396	1,973	1,658
Undeveloped	21,818	11,422	5,778	2,400	237
Total Proved	77,317	52,571	38,366	29,385	23,299
Probable	100,032	52,207	30,896	19,365	12,415
Total Proved plus Probable	177,349	104,778	69,261	48,750	35,714

	Unit Value Before Income Tax Discounted at 10%/year ($/BOE)
Proved	
Developed Producing	17.85
Developed Non-Producing	27.81
Undeveloped	8.89
Total Proved	15.81
Probable	13.55
Total Proved Plus Probable	14.67

Additional Information Concerning Future Net Revenue – Forecast Prices and Costs (Undiscounted)

(Undiscounted)	Revenue (M$)	Royalties (M$)	Operating Costs (M$)	Develop-ment Costs (M$)	Abandon-ment and Other Costs (M$)	Future Net Revenue Before Income Taxes (M$)	Future Income Taxes (M$)	Future Net Revenue After Income Taxes (M$)
Total Proved	230,819	35,920	91,527	22,815	3,240	77,317	-	77,317
Total Proved plus Probable	524,236	90,196	182,597	53,747	5,018	192,678	15,329	177,349

Future Net Revenue by Production Group – Forecast Prices and Costs

	Future Net Revenue Before Income Taxes and Discounted at 10%	Per Unit Future Net Revenue Before Income Taxes And Discounted at 10%(3)
	(M$)	($/BOE)
Proved		
Light and Medium Crude Oil(1)	37,529	17.58
Natural Gas(2)	837	2.87
Proved plus Probable		
Light and Medium Crude Oil(1)	68,735	16.32
Natural Gas(2)	2,959	4.39

Notes:

(1) Including solution gas and other by-products.
(2) Including by-products, but excluding solution gas from oil wells.
(3) Based on net reserves volumes.

Pricing Assumptions – Forecast Prices and Costs

GLJ employed the following pricing, exchange rate and inflation rate assumptions as of December 31, 2014 in the GLJ Report in estimating reserves data using forecast prices and costs. For the year ended December 31, 2014, LGX's average realized sales prices were $4.50/Mcf for natural gas and $89.82/Bbl for crude oil and NGLs.

	Medium and Light Crude Oil			Natural Gas	NGL	
Year	WTI Cushing Oklahoma 40° API (US$/Bbl)	Canadian Light Sweet 40° API ($/Bbl)	Cromer Medium 29.3º API ($/Bbl)	AECO - C Spot ($/MMBtu)	Pentanes Plus ($/Bbl)	Exchange Rate ($US/$Cdn)
2014 (Actual)	93.06	94.77	89.86	4.52	102.92	0.905
2015	62.50	64.71	61.47	3.31	69.24	0.850
2016	75.00	80.00	76.00	3.77	85.60	0.875
2017	80.00	85.71	81.43	4.02	91.71	0.875
2018	85.00	91.43	86.86	4.27	97.83	0.875
2019	90.00	97.14	92.29	4.53	103.94	0.875
2020	95.00	102.86	97.71	4.78	110.06	0.875
2021	98.54	106.18	100.87	5.03	113.62	0.875
2022	100.51	108.31	102.89	5.28	115.89	0.875
2023	102.52	110.47	104.95	5.53	118.20	0.875
2024	104.57	112.67	107.04	5.71	120.56	0.875

Escalated at 2.0% per year thereafter.

Reconciliation of Changes in Reserves

The following table sets forth a reconciliation of LGX's gross reserves as at December 31, 2014, derived from the GLJ Report using forecast prices and cost estimates, reconciled to the gross reserves of LGX as at December 31, 2013.

	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas	Total Oil Equivalent
Proved	(MBbls)	(MBbls)	(MMcf)	(MBOE)
Balance at December 31, 2013	2,184	14	3,446	2,772
Extensions and Improved Recovery	376	-	494	459
Technical Revisions	(10)	2	1	(8)
Discoveries	-	-	-	-
Acquisitions	-	-	-	-
Dispositions	-	-	-	-
Economic Factors	(35)	(1)	(232)	(75)
Production	(233)	(2)	(475)	(314)
Balance at December 31, 2014	2,282	14	3,234	2,834

	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas	Total Oil Equivalent
Probable	(MBbls)	(MBbls)	(MMcf)	(MBOE)
Balance at December 31, 2013	2,359	13	2,754	2,831
Extensions and Improved Recovery	72	-	529	160
Technical Revisions	(25)	2	59	(14)
Discoveries	-	-	-	-
Acquisitions	-	-	-	-
Dispositions	-	-	-	-
Economic Factors	(2)	(1)	(59)	(13)
Production	-	-	-	-
Balance at December 31, 2014	2,404	14	3,284	2,965

	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas	Total Oil Equivalent
Proved + Probable	(MBbls)	(MBbls)	(MMcf)	(MBOE)
Balance at December 31, 2013	4,543	28	6,200	5,604
Extensions and Improved Recovery	448	-	1,024	619
Technical Revisions	(36)	4	60	(22)
Discoveries	-	-	-	-
Acquisitions	-	-	-	-
Dispositions	-	-	-	-
Economic Factors	(37)	(2)	(291)	(88)
Production	(233)	(2)	(475)	(314)
Balance at December 31, 2014	4,686	27	6,518	5,799

ADDITIONAL INFORMATION RELATING TO RESERVES DATA

Undeveloped Reserves

The following table sets forth the volumes of proved undeveloped reserves that were first attributed in each of the three most recent financial years and, in the aggregate, before that time:

	Light and Medium Crude Oil (MBbls)	Natural Gas Liquids (MBbls)	Natural Gas (MMcf)
Prior to 2012	48	1	174
2012	208	-	8
2013	416	-	-
2014	376	-	224

Proved undeveloped reserves are generally those reserves related to infill wells that have not yet been drilled or wells further away from gathering systems requiring relatively high capital to bring on production. LGX's ability to pursue the development of proved undeveloped reserves will be contingent upon a number of factors, including the availability of capital to pursue development drilling and prevailing commodity prices and cash flow. LGX may not pursue the development of the proved undeveloped reserves within the next two years based on these and other factors, including the identification of higher priority expenditures.

The following table sets forth the volumes of probable undeveloped reserves that were first attributed in each of the three most recent financial years and, in the aggregate, before that time:

	Light and Medium Crude Oil (MBbls)	Natural Gas Liquids (MBbls)	Natural Gas (MMcf)
Prior to 2012	8	-	28
2013	801	1	49
2014	768	-	-
2015	592	-	346

Probable undeveloped reserves are generally those reserves tested or indicated by analogy to be productive, infill drilling locations and lands contiguous to production. This also includes the probable undeveloped wedge from the proved undeveloped locations. LGX's ability to pursue the development of probable undeveloped reserves will be contingent upon a number of factors, including the availability of capital for drilling and prevailing commodity prices and cash flow. Due to these factors and the size of the probable undeveloped reserves, LGX anticipates that only a portion of the probable undeveloped reserves will be developed in the next two years.

Significant Factors or Uncertainties Affecting Reserves Data

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering, and economic data. As circumstances change and additional data becomes available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, in future evaluations as warranted by the new information. Revisions are often required due to changes in well performance, reservoir performance, economic conditions and governmental restrictions. In addition, reserve estimation is an inferential science and subjective decisions by reserves evaluators may result in revisions. All revisions can be either positive or negative and may be material.

The reserve estimates contained in the GLJ Report and described in this AIF are based on assumptions at to future production, capital expenditures, prices, costs and economic conditions as at December 31, 2014. Reserves estimates are sensitive to the forecast prices and costs employed in their preparation and material revisions to reserve estimates in future evaluations can arise from changes in forecast prices and costs. In addition, the assumptions as to future production and capital expenditures employed by GLJ in the GLJ Report may vary from LGX's budgeted or actual production or capital expenditures for the applicable time periods and such variances may give rise to material revisions to reserve estimates in future evaluations.

Effect of the Blood Lease on Reserves Data

The GLJ Report assigned proved undeveloped reserves of 413.3 MBOE and probable reserves of 730 MBOE to future drilling locations on lands subject to the Blood Lease. As described under "*Blood Lease*", the initial term of the Blood Lease ends on September 30, 2015. Although LGX has applied to the IOGC for a continuance of the Blood Lease, it is uncertain at the date of this AIF whether the Blood Lease will be extended such that LGX retains rights to all or any of the future drilling locations under the Blood Lease that were assigned reserves in the GLJ Report. Failure to retain rights to such future drilling locations would result in negative revisions to the reserves attributable to LGX's Alberta Bakken property in any future estimate of such reserves.

Effect of the Emergency Order on Reserves Data

The GLJ Report assigned gross proved plus probable reserves to the Manyberries property as of December 31, 2014 of 2,717 MBOE, representing 47% of LGX's total gross proved plus probable reserves as of that date. The ultimate impact of the Emergency Order on the reserves attributable to the Manyberries property remains uncertain. The existence of the Emergency Order may result in potential negative revisions to the reserves attributable to the Manyberries property in any future estimate of such reserves.

Future Development Costs

The table below sets out the total development costs deducted in the estimation in the GLJ Report of future net revenue attributable to proved reserves and proved plus probable reserves (using forecast prices and costs).

	Forecast Prices and Costs	
	Proved Reserves	Proved Plus Probable Reserves
	(M$)	(M$)
2015	11,484	11,880
2016	1,995	17,208
2017	3,810	10,868
2018	3,948	11,584
2019	598	834
Remaining Years	981	1,373
Total Undiscounted	22,815	53,747

LGX's potential sources of financing future development costs are internally generated cash flow from operations, debt financing and equity financing. In addition, LGX may seek to finance or share future development costs via farmouts, joint ventures or similar arrangements. The portion of the future development costs that may be funded through cash flow will be highly dependent on prevailing commodity prices. To the extent that cash flow is insufficient to fund such costs, the financing of such costs will be dependent on LGX obtaining additional debt or equity financing or entering into a farmout, joint venture or similar arrangement. The ability of LGX to obtain such financing or enter into such arrangements will be dependent on market conditions and the availability of such financing or transactions on acceptable terms.

OTHER OIL AND NATURAL GAS INFORMATION

Oil and Natural Gas Wells

The following table sets forth the number and status of LGX's wells effective December 31, 2014, all of which are located in Alberta.

	Producing Wells				Non-Producing Wells			
	Oil		Natural Gas		Oil		Natural Gas	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Manyberries	57	47.6	-	-	186	162	16	13.2
Alberta Bakken	5	4.8	-	-	2	2	-	-
Armada	4	2.15	2	1.2	1	1	1	0.9
Other	1	1	51	36.7	5	2.9	39	32.5
Total	67	55.55	53	37.9	194	167.9	56	46.6

Properties with no Attributed Reserves

The following table summarizes, effective December 31, 2014, the gross and net acres of unproved properties in which LGX has an interest and also the number of net acres for which LGX's rights to explore, develop or exploit will expire within one year, all of which are located in Alberta.

Gross Acres	Net Acres	Net Acres Expiring Within One Year
115,199	109,392	85,097

57,915 net acres reflected in the table above as expiring within one year are held under the Blood Lease. The initial term of the Blood Lease ends on September 30, 2015. See "*Blood Lease*".

Additional Information Concerning Abandonment and Reclamation Costs

The estimated costs of abandoning wells that have been assigned reserves in the GLJ Report are included in the GLJ Report as deductions in arriving at future net revenue. LGX typically estimates such well abandonment costs area by area. The total expected cost included in the GLJ Report for well abandonments at all properties, net of estimated salvage value, for 104 net wells under the proved reserves category, was $3.2 million undiscounted ($1.4 million discounted at 10%), of which a total of $0.5 million is estimated to be incurred in 2015, 2016 and 2017.

Expected reclamation costs for surface leases, reclamation and remediation costs for facilities and abandonment costs for wells not assigned reserves are not included in the GLJ Report as deductions in arriving at future net revenue. LGX has estimated expected total costs related to these of $58.4 million undiscounted ($3.1 million discounted at 10%) as of December 31, 2014.

LGX is obligated to abandon, retire and reclaim wells, well sites and facilities in compliance with applicable environmental laws and regulations. These obligations are recorded as decommissioning liabilities in LGX's financial statements. See "Environmental Matters - Decommissioning Liabilities" for a description of the decommissioning liabilities LGX has recorded in its annual financial statements for the year ended December 31, 2014. Decommissioning liabilities as recorded in the financial statements will not equal the aggregate of the amounts described above as such liabilities are calculated using a different discount rate.

Tax Horizon

Based on GLJ production forecasts, planned capital expenditures and the forecast commodity pricing employed in the GLJ Report, LGX estimates that it will not be required to pay current income taxes until at least 2027.

Costs Incurred

The following table summarizes capital expenditures incurred by LGX during the year ended December 31, 2014.

	Property Acquisition Costs			
	Proved Properties	**Unproved Properties**	**Exploration Costs**	**Development Costs**
Total (M$)	-	-	-	16,639

Drilling Activity

The following table sets forth the gross and net exploration and development wells drilled by LGX during the year ended December 31, 2014. All wells were drilled in Alberta.

	Exploration Wells		**Development Wells**	
	Gross	**Net**	**Gross**	**Net**
Light and Medium Oil	-	-	2.0	2.0
Natural Gas	-	-	-	-
Service	-	-	-	-
Stratigraphic Test	-	-	-	-
Dry	-	-	-	-
Total:	-	-	2.0	2.0

Production Estimates

The following table discloses for each product type the total volume of production estimated by GLJ in the GLJ Report for 2015 in the estimates of future net revenue from gross proved and gross proved plus probable reserves disclosed above.

	Light and Medium Crude Oil (Bbls/d)	Heavy Crude Oil (Bbbls/d)	NGL (Bbls/d)	Natural Gas (Mcf/d)	Total Oil Equivalent (BOE/d)	%
Proved						
Manyberries	374	-	-	88	389	41
Alberta Bakken	329	-	-	81	343	36
Armada	19	-	2	184	51	5
Other	1	-	3	1,008	172	18
Total Proved	723	-	5	1,361	955	100

	Light and Medium Crude Oil (Bbls/d)	Heavy Crude Oil (Bbls/d)	NGL (Bbls/d)	Natural Gas (Mcf/d)	Total Oil Equivalent (BOE/d)	%
Proved plus Probable						
Manyberries	398	-	-	91	414	40
Alberta Bakken	341	-	-	83	355	35
Armada	19	-	2	188	52	5
Other	2	-	4	1,174	202	20
Total Proved plus Probable	760	-	6	1,536	1,022	100

Production History

The following tables disclose, on a quarterly basis for the year ended December 31, 2014, certain information in respect of production, product prices received, royalties paid, operating expenses and resulting netback for LGX.

Average Daily Production Volume

	Three Months Ended			
	Mar. 31, 2014	Jun. 30, 2014	Sep. 30, 2014	Dec. 31, 2014
Natural gas (Mcf/d)	1,285	1,307	1,360	1,446
Light and Medium Crude Oil (Bbls/d)	727	639	531	620
NGL (Bbls/d)	7	7	6	8
Total (BOE/d)	948	864	764	869

Prices Received, Royalties Paid, Production Costs and Netback – Light and Medium Crude Oil

($ per Bbl)	Three Months Ended			
	Mar. 31, 2014	Jun. 30, 2014	Sep. 30, 2014	Dec. 31, 2014
Prices Received	97.12	98.40	92.47	71.18
Royalties Paid	8.99	12.73	13.85	12.37
Production Costs	29.87	37.53	39.30	33.81
Netback[(1)]	58.26	48.14	39.32	25.00

Note:

(1) Netback is calculated by deducting royalties paid and production costs, including transportation costs, from prices received, excluding the effects of hedging.

Prices Received, Royalties Paid, Production Costs and Netback – NGL

($ per Bbl)	Three Months Ended			
	Mar. 31, 2014	Jun. 30, 2014	Sep. 30, 2014	Dec. 31, 2014
Prices Received	91.91	74.10	68.51	57.38
Royalties Paid	10.95	13.70	15.37	10.04
Production Costs	24.50	29.44	29.49	25.92
Netback[(1)]	56.46	30.96	23.65	21.42

Note:

(1) Netback is calculated by deducting royalties paid and production costs, including transportation costs, from prices received, excluding the effects of hedging.

Prices Received, Royalties Paid, Production Costs and Netback – Natural Gas

($ per Mcf)	Three Months Ended			
	Mar. 31, 2014	Jun. 30, 2014	Sep. 30, 2014	Dec. 31, 2014
Prices Received	5.82	4.55	4.02	3.75
Royalties Paid	0.56	0.24	0.35	0.26
Production Costs	4.67	3.93	3.40	3.14
Netback[(1)]	0.59	0.38	0.27	0.35

Note:

(1) Netback is calculated by deducting royalties paid and production costs, including transportation costs, from prices received, excluding the effects of hedging.

Production Volume by Field

The following table indicates the average daily net production from LGX's fields for the year ended December 31, 2014.

	Light and Medium Crude Oil (Bbls/d)	NGL (Bbls/d)	Natural Gas (Mcf/d)	Total Oil Equivalent (BOE/d)	%
Manyberries	384	-	146	408	47
Alberta Bakken	212	-	-	212	25
Armada	30	2	250	74	9
Other	3	5	954	167	19
Total	629	7	1,350	861	100

SHARE CAPITAL

The authorized share capital of LGX consists of an unlimited number of Common Shares. As of the date hereof, there were 88,658,427 Common Shares, 7,094,750 options to acquire Common Shares and 6,000,000 warrants to acquire Common Shares issued and outstanding.

Subject to the provisions of the ABCA, the holders of Common Shares are entitled to receive notice of, to attend and vote at all meetings of the shareholders of LGX and are entitled to one vote, in person or by proxy, for each Common Share held.

The holders of Common Shares are entitled to receive, if, as and when declared by the Board, non-cumulative dividends at such rate and payable on such date as may be determined from time to time by the Board.

On the liquidation, dissolution or winding-up of LGX or any other distribution of the assets of LGX among its shareholders for the purpose of winding-up its affairs, the holders of the Common Shares shall be entitled to receive the remaining property and assets of LGX.

DIVIDEND POLICY

LGX has not declared or paid any dividends on the Common Shares since its incorporation. Any decision to pay dividends on the Common Shares will be made by the Board on the basis of LGX's earnings, financial requirements and other conditions existing at such future time.

MARKET FOR SECURITIES

The Common Shares are listed for trading on the TSXV under the trading symbol "OIL". The following table sets forth the price range and trading volume of the Common Shares for each of the months of 2014.

	Price Range ($)		
Period	High	Low	Trading Volume
January	0.66	0.51	2,769,932
February	0.62	0.55	743,838
March	0.60	0.48	3,142,180
April	0.52	0.46	1,312,763
May	0.55	0.475	1,160,824
June	0.53	0.49	3,345,360
July	0.53	0.46	3,367,090
August	0.56	0.44	3,907,274
September	0.56	0.465	1,125,388
October	0.47	0.285	5,274,583
November	0.30	0.135	6,001,339
December	0.205	0.085	5,041,754

DIRECTORS AND OFFICERS

The name, municipality of residence, principal occupation for the prior five years and position with LGX of each of the directors and officers of LGX as at March 24, 2015 are as follows:

Name and Residence	Position	Principal Occupation During Previous Five Years
Trent Yanko Calgary, Alberta	Director and President and Chief Executive Officer	President and Chief Executive Officer of Legacy since July 2009.
James Pasieka Calgary, Alberta	Chairman of the Board of Directors	Partner of the national law firm McCarthy Tetrault LLP since September 2013. Partner of the national law firm Heenan Blaikie LLP from 2001 to August 2013.
Chris Bloomer Calgary, Alberta	Director	Chief Executive Officer of Connacher Oil and Gas Limited, a publicly traded oil and natural gas company, since April 2013. Senior Vice-President and Chief Operating Officer of the Heavy Oil Business Unit as well as a director of Petrobank Energy and Resources Ltd., a publicly traded oil company, from May 2007 until April 2013.
Daryl Gilbert Calgary, Alberta	Director	Independent businessman since 2005 and Managing Director of JOG Capital Inc., a private equity investment management company, since 2008.
Matthew Janisch Calgary, Alberta	Vice-President, Finance and Chief Financial Officer	Vice-President, Finance and Chief Financial Officer of Legacy since July 2009.
Curtis Labelle Calgary, Alberta	Vice-President, Production	Vice-President, Production of Legacy since July 2009.

Name and Residence	Position	Principal Occupation During Previous Five Years
Dale C. Mennis Calgary, Alberta	Vice-President, Land	Vice-President, Land of Legacy since July 2009.
Mark Oliver Calgary, Alberta	Vice-President, Exploration	Vice-President, Exploration of Legacy since November 2009.
William Wee Calgary, Alberta	Vice-President, Operations	Vice-President, Operations of Legacy since November 2011. From July 2007 to August 2011, Vice-President, Operations and Vice-President, Corporate Development at Galleon Energy Inc., a publicly traded oil and natural gas company.
Curtis Ziemer Calgary, Alberta	Vice-President, Accounting	Vice-President, Accounting of Legacy since March 2012. From July 2009 to March 2012, Controller at Legacy.
Mark Franko Calgary, Alberta	Vice-President, Legal, General Counsel and Corporate Secretary	Vice-President, Legal and General Counsel of Legacy since June 2014. Partner of the national law firm McCarthy Tetrault LLP from September 2013 to June 2014. Partner of the national law firm Heenan Blaikie LLP from 2008 to August 2013.

Chris Bloomer has been a director of LGX since December 22, 2009. Trent Yanko and James Pasieka have been directors of LGX since July 5, 2012. Daryl Gilbert has been a director of LGX since August 12, 2013. Each of the directors will hold office until the next annual meeting of LGX's shareholders or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with LGX's articles or by-laws.

The Board of Directors has an Audit Committee and a Reserves Committee. The members of the Audit Committee are Chris Bloomer (Chair) and Daryl Gilbert. The members of the Reserves Committee are Daryl Gilbert (Chair) and Chris Bloomer. As a group, the directors and executive officers of LGX beneficially own, control or direct, directly or indirectly, 1,620,000 Common Shares, representing approximately 1.8% of the outstanding Common Shares.

Corporate Cease Trade Orders

Except as disclosed below, to the knowledge of management of LGX, no director or executive officer of LGX, or a personal holding company of any such person, is, or within the 10 years before the date of this AIF has been, a director, chief executive officer or chief financial officer of any other issuer that:

a) was the subject of a cease trade or similar order or an order that denied the other issuer access to any exemptions under Canadian securities legislation that lasted for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer;

b) was subject to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation that lasted for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the was acting in the capacity as director, chief executive officer or chief financial officer.

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

Mr. Bloomer was a director of Calmena Energy Services Inc. ("**Calmena**"), a reporting issuer listed on the TSX, prior to his resignation effective January 15, 2015. On January 20, 2015, Calmena's senior lender was granted a receivership order by the Court of Queen's Bench of Alberta in respect of all of the assets of Calmena. The common shares of Calmena were delisted from the TSX on February 23, 2015.

Daryl Gilbert was a director of Globel Direct, Inc., a reporting issuer that was listed on the TSXV. The company sought and received protection under the *Companies' Creditors Arrangement Act* (Canada) in June 2007, and after a failed restructuring effort a receiver was appointed by one of the company's lenders in December 2007. Cease trade orders dated September 24, 2008 and September 30, 2008 were issued by the ASC and the BCSC, respectively, for failure to file financial statements. The cease trade orders were issued following the appointment of the receiver and, as at the date hereof, have not been revoked. The company has since ceased operations and its shares were delisted from the TSXV.

Bankruptcies

Except as disclosed above under the heading "Directors and Officers – Corporate Cease Trade Orders", to the knowledge of management of LGX, no director or executive officer, or any shareholder holding sufficient number of securities of LGX to affect materially the control of LGX, or a personal holding company of any such person:

a) is, at the date of this AIF or has been within the 10 years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

Penalties or Sanctions

To the knowledge of management of LGX, no director or officer, or any shareholder holding a sufficient number of securities of LGX to affect materially the control of LGX, has:

a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with the Canadian securities regulatory authority; or

b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

SERVICES AGREEMENT

LGX and Legacy entered into the Services Agreement in connection with the Legacy Transaction. The Services Agreement provides that:

- Legacy is engaged as an independent contractor to perform technical, corporate, regulatory, administrative and asset management services in accordance with good oilfield practice, including prudent reservoir management and conservation principles, to permit LGX to operate, maintain and develop its assets. Legacy's fee for provision of the services is one hundred and sixty-seven thousand Canadian dollars ($167,000.00) per month plus GST;

- the Board maintains control, discretion and authority for the management of the business and affairs of LGX;

- either party may terminate the Services Agreement: (i) on 90 days written notice; (ii) after a five day default period in the event of breach; or (iii) immediately upon an act of bankruptcy or insolvency or in the event of a bankruptcy cause, proceeding or action persisting for 30 consecutive days;

- Legacy, at its sole cost, shall have the right to subcontract the services to be performed under the Services Agreement. Services outside the scope of the Services Agreement shall be contracted by officers and/or directors of LGX at its sole cost;

- each party will generally be permitted to pursue business interests that may be similar to or competitive with those of the other party or its affiliates; and

- to avoid potential conflicts of interest, LGX shall have first priority to pursue potential acquisition transactions related to hydrocarbon substances within a defined area (roughly covering the Province of Alberta south of Calgary, but excluding a defined area around Legacy's Turner Valley properties). Legacy shall have first priority to pursue potential acquisition transactions related to hydrocarbon substances outside of the above referenced area.

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

CONFLICTS OF INTEREST

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

Other than as described above, as at the date hereof, LGX is not aware of any existing or potential material conflicts of interest between LGX and a director or officer of LGX.

AUDIT COMMITTEE

Composition of the Audit Committee, Charter and Review of Services

The members of the Audit Committee of the Board of Directors are Chris Bloomer and Daryl Gilbert. Chris Bloomer is the Chair of the Audit Committee.

The Audit Committee of the Board of Directors operates under a written charter that sets out its responsibilities and composition requirements. A copy of the charter is attached to this AIF as Schedule "A".

The Audit Committee charter requires all members of the Audit Committee to be financially literate and independent within the meaning of applicable securities laws. All members of the Audit Committee meet these requirements.

The Audit Committee charter requires that any non-audit services by LGX's auditors must be pre-approved by the Audit Committee. The Audit Committee has passed a resolution pre-approving the provision of certain non-audit services by LGX's auditors from time to time, provided that: (i) such services are provided pursuant to a written engagement letter setting out the services to be provided and the applicable fees; (ii) such services could not be reasonably seen to result in the auditors performing any management function, auditing their own work or serving in an advocacy role on behalf of LGX; (iii) management reports the entering into of any engagement letter to the Audit Committee at the next meeting of the same; and (iv) the Chair of the Audit Committee must specifically approve any engagement where the fees for the non-audit services are expected to exceed $50,000.

The Audit Committee also pre-approves all audit services and the fees to be paid.

Education and Experience of Members

The education and experience of each director relevant to the performance of his duties as a member of the Audit Committee are described below.

Chris Bloomer (Chair)

Chris Bloomer currently serves as Chief Executive Officer of Connacher Oil and Gas Limited, a publicly traded oil and natural gas company. Prior thereto, Mr. Bloomer was Senior Vice-President and Chief Operating Officer of the Heavy Oil Business Unit as well as a Director of Petrobank Energy and Resources Ltd. and previously also held the position of Chief Financial Officer. Mr. Bloomer was at Petrobank Energy and Resources Ltd. from 2002 to April 2013. Mr. Bloomer is a member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Bloomer holds a Bachelor of Science degree in Geology from the University of Toronto.

Daryl Gilbert

Daryl Gilbert is currently a Managing Director of JOG Capital Inc., a private equity firm. From 1994 to 2005, Mr. Gilbert served as President and Chief Executive Officer of Gilbert Lausten Jung Associates Ltd., a petroleum engineering and geological consulting firm. Mr. Gilbert is a director of a number of public and private energy companies. Mr. Gilbert received a B.Sc. in Civil Engineering from the University of Manitoba and is a member of the Association of Professional Engineers and Geoscientists of Alberta, the Canadian Institute of Mining and Metallurgy and the Society of Petroleum Evaluation Engineers.

Auditor's Fees

PricewaterhouseCoopers LLP is the auditor of LGX. The following table sets out the aggregate fees billed by PricewaterhouseCoopers LLP to LGX in each of the last two fiscal years.

Year	Audit Fees(1)	Audit-Related Fees(2)	Tax Fees(3)	All Other Fees
2014	$169,182	Nil	$9,096	Nil
2013	$141,225	$1,617	$29,167	Nil

Notes:

(1) Audit fees consist of fees for the audit of annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements. The services provided in this category include quarterly review fees.

(2) Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of LGX's financial statements and are not reported as Audit Fees. The services provided in this category included research of accounting and audit-related issues and review of internal controls.

(3) Fees for tax compliance, tax advice and tax planning.

INDUSTRY CONDITIONS

Oil Price Decline and Volatility

There has been a significant deterioration in the price of oil in the fourth quarter of 2014 and the first quarter of 2015 from the prices that prevailed in recent financial years. The deterioration in prices has been attributed to an imbalance of the global supply of crude oil compared to global demand, coupled with a stated unwillingness of OPEC to act unilaterally to correct the imbalance by adjusting supply. In addition, there has been increased volatility in the prevailing prices for crude oil. These factors have had a major adverse impact on the oil and natural gas industry in Canada, resulting in materially reduced cash flows, capital expenditures and equity and asset valuations.

Restrained Pipeline Capacity and Differential Volatility

Western Canada and North Dakota have seen significant growth in crude production volumes over recent years. This has resulted in pressure on the pipeline take-away capacity, leading to apportionment on the main lines and, in turn, backed-up local feeder pipelines. This has contributed to a widening of, and increased volatility in, the light oil pricing differential between WTI and Canadian Light Sweet. Although pipeline expansions are ongoing and producers are increasingly turning to rail as an alternative means of transportation, the lack of firm pipeline capacity continues to affect the oil and natural gas industry and limit the ability to produce and to market production. In addition, the pro-rationing of capacity on the interprovincial pipeline systems also continues to affect the ability to export oil and natural gas.

Legislation and Regulation

The oil and natural gas industry is subject to extensive controls and regulations governing its operations (including land tenure, exploration, development, production, refining, transportation and marketing) imposed by legislation enacted by various levels of government and with respect to pricing and taxation of oil and natural gas by agreements among the governments of Canada, Alberta, Saskatchewan, British Columbia and Manitoba, all of which should be carefully considered by investors in the oil and natural gas industry. Except as otherwise set out in this AIF, it is not expected that any of these controls or regulations will affect the operations of LGX in a manner materially different than they would affect other oil and natural gas producers of similar size. All current legislation is a matter of public record and LGX is unable to predict what additional legislation or amendments may be enacted. Some of the principal aspects of legislation, regulations and agreements governing the oil and natural gas industry are described further below.

Pricing and Marketing – Oil

The producers of oil are entitled to negotiate sales contracts directly with oil purchasers, with the result that the market determines the price of oil. Oil prices are primarily based on worldwide supply and demand. The specific price depends in part on oil quality, prices of competing fuels, distance to market, the value of refined products, the supply/demand balance, and contractual terms of sale. Oil exporters are also entitled to enter into export contracts with terms not exceeding one year in the case of light crude oil and two years in the case of heavy crude oil, provided that an order approving such export has been obtained from the National Energy Board of Canada (the "**NEB**"). Any oil export to be made pursuant to a contract of longer duration (to a maximum of 25 years) requires an exporter to obtain an export licence from the NEB and the issuance of such a licence requires a public hearing and the approval of the Governor in Council.

Pricing and Marketing – Natural Gas

The price of natural gas is determined by negotiation between buyers and sellers. Natural gas exported from Canada is subject to regulation by the NEB and the Government of Canada. Exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts must continue to meet certain other criteria prescribed by the NEB and the Government of Canada. Natural gas (other than propane, butane and ethane) exports for a term of less than two years or for a term of two to 20 years (in quantities of not more than 30,000 m3/day), must be made pursuant to an NEB order. Any natural gas export to be made pursuant to a contract of longer duration (to a maximum of 25 years) or for a larger quantity requires an exporter to obtain an export licence from the NEB and the issuance of such a licence requires a public hearing and the approval of the Governor in Council.

The governments of Saskatchewan, Alberta and British Columbia also regulate the volume of natural gas that may be removed from those provinces for consumption elsewhere based on such factors as reserve availability, transportation arrangements, and market considerations.

Provincial Royalties and Incentives

In addition to federal regulation, each province has legislation and regulations that govern land tenure, royalties, production rates, environmental protection and other matters. The royalty regime is a significant factor in the profitability of crude oil, natural gas, natural gas liquids and sulphur production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee, although production from such lands is also subject to certain provincial taxes and royalties. These royalties are not eligible for incentive programs sponsored by various governments as discussed below. Crown royalties are determined by governmental regulation and are generally calculated as a percentage of the value of the gross production. The rate of royalties payable generally depends in part on prescribed reference prices, well productivity, geographical location, field discovery date, method of recovery and the type or quality of the petroleum product produced. Other royalties and royalty-like interests are from time to time carved out of the working interest owner's interest through non-public transactions. These are often referred to as overriding royalties, gross overriding royalties, net profits interests or net carried interests.

From time to time the governments of the western Canadian provinces have established incentive programs for exploration and development. Such programs often provide for royalty rate reductions, royalty holidays and tax credits for the purpose of encouraging oil and natural gas exploration or enhanced recovery projects. The programs are designed to encourage exploration and development activity by improving earnings and cash flow within the industry. Royalty holidays and reductions would reduce the amount of Crown royalties paid by oil and natural gas producers to the provincial governments and would increase the net income and funds from operations of such producers.

In Alberta, the Crown royalty rates on conventional oil and natural gas fluctuate, depending on when a well was drilled, well depth, well production volume and the price of oil and natural gas. On October 25, 2007, the Alberta Government introduced a new royalty regime which became effective on January 1, 2009 applicable to all conventional oil and natural gas wells in Alberta ("**New Royalty Regime**"). The New Royalty Regime assesses the applicable royalty rate on a well by well basis using a sliding scale which takes into account the price of oil and/or natural gas and the well's production volumes. On November 19, 2008 and November 24, 2008 the Alberta Government announced an optional transitional royalty program ("**Transitional Program**"). On March 11, 2010 the Alberta Government announced modifications to the New Royalty Regime and the Transitional Program ("**Modified Regime**").

Under the New Royalty Regime the royalty reserved to the Alberta Crown on conventional oil production ranges from zero percent (0%) to fifty percent (50%) and is capped at fifty percent once the price of conventional oil reaches $120 per barrel. The royalty applicable to natural gas production under the new royalty regime ranges from five percent (5%) to fifty percent (50%) and is capped once the price of natural gas reaches $17.75 per gigajoule. The new royalty regime has retained the Natural Gas Deep Drilling Program and the Deep Oil Exploration Program. The new royalty regime also sets royalties for natural gas liquids at forty percent (40%) for pentanes and thirty percent (30%) for butanes and propane.

The Modified Regime became effective on January 1, 2011 and reduces the maximum royalty rates under the New Royalty Regime as follows: for conventional oil production from fifty percent (50%) to forty percent (40%) and for natural gas from fifty percent (50%) to thirty six percent (36%). The Modified Regime also made permanent the 5% maximum royalty rate on the first 12 production months, 50,000 barrels of oil equivalent production or 500 million cubic feet of gas equivalent production from a well, whichever is reached first.

Climate Change Regulation

In common with all producers, LGX's exploration activities and production facilities emit carbon dioxide, methane, nitrous oxide and other "greenhouse gases" ("**GHG**") which directly subject LGX to regulation.

Federal

In December 2002, the Government of Canada ratified the Kyoto Protocol ("**Kyoto Protocol**"), which requires a reduction in greenhouse gas emissions by signatory countries between 2008 and 2012. The Kyoto Protocol officially came into force on February 16, 2005 and commits Canada to reduce its GHG emissions levels to 6% below 1990 "business-as-usual" levels by 2012. In December of 2011, the Government of Canada announced that it would withdraw from the Kyoto Protocol.

On March 5, 2013, the Government of Canada announced that environmental regulations which aim to curb the GHG emissions of Canada's oil and natural gas sector are in their final stages and that it is anticipated that the details of the regulations would be released in the upcoming months. Such regulations have yet to be released. It is expected that any regulations eventually implemented by the Government of Canada will have an impact of the oil and natural gas industry as a whole, which could result in increased costs for LGX to comply with such legislation.

In the meantime, LGX will continue to monitor the policies of the Government of Canada and any resulting legislation with respect to GHG emissions.

Alberta

Alberta enacted the *Climate Change and Emissions Management Act* (the "**CCEMA**") on July 1, 2007, amending it through the *Climate Change and Emissions Management Amendment Act* which received royal assent on November 4, 2008. The CCEMA is based on an emissions intensity approach that aims for a 50% reduction from 1990 emissions relative to GDP by 2020 through the utilization of (i) mandatory carbon capture and storage ("**CCS**") for certain facilities and development across all industrial sectors; (ii) energy efficiency and conservation; and (iii) research and investment in clean energy technologies, including carbon separation technologies to assist CCS. Alberta facilities emitting more than 100,000 tonnes of GHGs a year are subject to comply with the CCEMA. At this point, LGX does not own or anticipate owning or operating any facilities which emit more than 100,000 tonnes of GHGs per year.

The Government of Alberta has stated that an updated climate change strategy for the province is being developed. However, no details of the strategy or timeline for its implementation have been released.

Land Tenure

Crude oil and natural gas located in the western Canadian provinces is owned both by the respective provincial governments and by private individuals. Provincial governments grant rights to explore for and produce oil and natural gas pursuant to leases, licenses and permits for varying periods and on conditions set forth in provincial legislation, including requirements to perform specific work or make payments. Where oil and natural gas is privately owned, rights to explore for and produce such oil and natural gas are granted by lease on such terms and conditions as may be negotiated.

RISK FACTORS

An investment in Common Shares would be subject to certain risks. Investors should carefully consider the following risk factors:

Funding of 2015 Capital Expenditures

LGX has a drilling commitment under the Blood Lease for 2015 as described in this AIF under the heading "*Blood Lease*". In addition, LGX will have to make capital expenditures in 2015 to maintain existing production. The amount of cash flow that LGX will generate to fund capital expenditures in 2015 will be highly dependent upon prevailing commodity prices and such cash flow may not be sufficient to fund all required or planned capital expenditures. As a result, LGX may need to fund capital expenditures through additional debt or equity financing or complete a transaction, such as a joint venture or farmout, to reduce or share such expenditures. There can be no assurance that sufficient debt or equity financing will be available on favourable terms or at all. There can be no assurance that LGX will be able to complete a transaction, such as a joint venture or farmout, on favourable terms or at all. A failure by LGX to access sufficient capital to fund its capital expenditures would have a material adverse affect on the market price for the Common Shares and on LGX's operations and financial condition.

Blood Lease

The initial term of the Blood Lease ends on September 30, 2015. LGX has applied to the IOGC pursuant to the *Indian Oil and Gas Regulations* to continue the term of the Blood Lease for a further five years. The extent and terms of any such continuation are uncertain as at the date of this AIF.

Pursuant to the Blood Lease, LGX has a commitment to spud two test wells on the Blood Lease on or before September 30, 2015. If LGX does not fulfill this drilling commitment, LGX would be in default under the Blood Lease and would not be entitled to a continuance of the term of the Blood Lease. In this circumstance, the Blood Lease shall be continued only as to the spacing units related to the existing wells producing or deemed capable of production.

Any failure to obtain a continuance with respect to any material portion of the lands held under the Blood Lease or to obtain such a continuance on favourable terms may have a material adverse effect on LGX's operations, reserves and future prospects.

Credit Facilities and Variation in Interest Rates

LGX's credit facilities consist of a $20,000,000 revolving demand credit facility and a $10,000,000 non-revolving term facility. Amounts owing under the $20,000,000 revolving demand credit facility can be demanded by LGX's lender at any time. The revolving demand facility contains a financial covenant from LGX to the lender with respect to the maintenance of a specific working capital ratio. Amounts owing under the $10,000,000 non-revolving term facility are repayable by August 21, 2016, subject to extension upon mutual consent. The non-revolving credit facility contains certain financial covenants from LGX to the lender, including with respect to the maintenance of a specific working capital ratio and ratio of debt to trailing EBITDA, the breach of which would result in the acceleration of the repayment of amounts due under the facility.

$20,340,000 was drawn on the combined credit facilities as at December 31, 2014 and, after taking working capital deficiency as of that date, LGX did not have any remaining borrowing capacity under the facilities as at that date.

The borrowing limit under the $20,000,000 revolving demand credit facility is reviewed by the lender annually, with the next review scheduled for no later than May 31, 2015. The amount available for borrowing under the demand revolving credit facility is dependent on the lender's assessment of the value of LGX's borrowing base. Any material reduction in the estimated oil and natural gas reserves of LGX or the value thereof would reduce the borrowing base and result in a reduction of the amounts available for borrowing under the credit facility. There is a risk that the credit facility will, on review, not be renewed for the same amount or on the same terms.

Any material reduction in the amounts available for borrowing under the credit facilities or any demand for repayment or acceleration of repayment of amounts owing under the credit facilities would result in LGX needing to obtain alternate financing. There is no assurance that LGX would be able to obtain such financing on favourable terms or at all. Any failure to obtain suitable replacement financing would have a material adverse effect on the market price for the Common Shares and on LGX's operations and financial condition.

LGX's existing credit facilities and any replacement credit facilities may not provide sufficient liquidity. The amounts available under LGX's existing credit facilities may not be sufficient for future operations.

The interest rate payable by LGX under its credit facilities is not fixed. Any increase in interest rates would increase the amount that LGX pays to service its debt and a significant increase in interest rates may materially adversely affect LGX's financial results.

Volatility of Oil and Natural Gas Prices and Markets

LGX's financial performance and condition are substantially dependent on the prevailing price of oil and, to a lesser extent, the prevailing price of natural gas. There has been a significant deterioration in the price of oil in the fourth quarter of 2014 and the first quarter of 2015 from the prices that prevailed in recent financial years. Continued low oil pricing or further decreases in the oil or natural gas prices realized by LGX could have a material adverse effect on LGX's operations, reserves and financial condition, including by: (i) reducing net production revenue, cash flow and profitability, (ii) negatively impacting the volume and value of LGX's reserves, (iii) requiring a delay or cancellation of planned capital expenditures and drilling and development activity, with a resulting negative impact on future production, and (iv) negatively impacting LGX's liquidity and capital resources, including the availability of its credit facilities and compliance with financial covenants under its credit facilities.

Prices for crude oil fluctuate in response to global and North American supply of and demand for oil, market performance and uncertainty and a variety of other factors which are outside the control of LGX including, but not limited, to the world economy and OPEC's ability and willingness to adjust supply to world demand, government regulation, political stability and the availability of alternative fuel sources. In addition, the prices received by LGX for its oil are subject to differentials against such benchmarks as WTI and Canadian Light Sweet, which can fluctuate substantially and result in LGX realizing prices substantially below such benchmarks. Natural gas prices are influenced primarily by factors within North America, including North American supply and demand, economic performance, weather conditions and availability and pricing of alternative fuel sources.

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.

Emergency Order

LGX has concluded that the Emergency Order has the potential to have a significant adverse effect on LGX's ability to maintain and increase production at its Manyberries property and to prevent the drilling of new wells there. The Emergency Order may also have a significant adverse effect on the reserves volumes assigned to the Manyberries property in future estimates of such. See "Environmental Matters – Emergency Order" and "Statement of Reserves Data – Effect of the Emergency Order on Reserves Data".

LGX is involved in legal proceedings whereby it is seeking to quash the Emergency Order. There is no guarantee that LGX will be successful in having the Emergency Order quashed or in obtaining any material amendments to the Emergency Order that would lessen the impact of the Emergency Order on LGX's Manyberries property. There is no guarantee that LGX will be able to obtain any compensation from any party for losses suffered as a result of the application of the Emergency Order.

The ultimate impact of the Emergency Order on LGX's operations, prospects and reserves remains uncertain, but the Emergency Order may have a significant adverse effect on the operations, prospects, reserves and financial results of LGX and the value of the Common Shares.

Operational Risks

Oil and natural gas exploration operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering and oil spills, each of which could result in substantial damage to oil and natural gas wells, producing facilities, other property and the environment or in personal injury. In accordance with industry practice, LGX is not fully insured against all of these risks, nor are all such risks insurable. Although LGX maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event LGX could incur significant costs that could have a materially adverse effect upon its financial condition. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations.

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability or cost of such equipment to LGX and may delay exploration and development activities.

Oil and natural gas exploration and development activities are dependent on access to areas where operations are to be conducted. Seasonal weather variations, including freeze-up and break-up, affect access in certain circumstances. Unexpected adverse weather conditions, such as flooding or prolonged break-up, can have a significant negative impact on capital expenditures, operations and costs.

To the extent LGX is not the operator of all its oil and natural gas properties, it is dependent on such operators for the timing of activities related to such properties and is largely unable to direct or control the activities of the operators. Payments from production generally flow through the operator and there is a risk of delay and additional expense in receiving such revenues if the operator becomes insolvent. Although LGX intends to operate the majority of its properties, there is no guarantee that it will remain operator of such properties or that LGX will operate other properties it may acquire in the future.

In addition, the success of LGX will be largely dependent upon the performance of its management and key employees. LGX does not have any key man insurance policies and, therefore, there is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on LGX.

LGX's ability to market oil and natural gas from its wells also depends upon numerous other factors beyond its control, including, among other things, the availability of natural gas processing and storage capacity, the availability of pipeline capacity, the price of oilfield services and the effects of inclement weather. Because of these factors, LGX may be unable to market some or all of the oil and natural gas it produces or to obtain favourable prices for the oil and natural gas it produces.

Environmental Concerns

Many aspects of the oil and natural gas business present environmental risks and hazards, including the risk that LGX may be in noncompliance with an environmental law, regulation, permit, licence, or other regulatory approval, possibly unintentionally or without knowledge. Such risks may expose LGX to fines or penalties, third party liabilities or to the requirement to remediate, which could be material.

The operational hazards associated with possible blowouts, accidents, oil spills, natural gas leaks, fires, or other damage to a well or a pipeline may require LGX to incur costs and delays to undertake corrective actions, could result in environmental damage or contamination or could result in serious injury or death to employees, consultants, contractors or members of the public, creating the potential for significant liability to LGX. Also, the occurrence of any such incident could damage LGX's reputation in surrounding communities and make it more difficult for LGX to pursue its operations in those areas.

Compliance with environmental laws and regulations, including the Emergency Order, could materially increase LGX's costs. LGX may incur substantial capital and operating costs to comply with increasingly complex laws and regulations covering the protection of the environment and human health and safety. In particular, LGX may be required to incur significant costs to comply with future federal or provincial greenhouse gas emissions reduction requirements or other regulations or future laws regulating or restricting the use of hydraulic fracturing, if enacted.

Although LGX maintains insurance consistent with prudent industry practice, it is not fully insured against certain environmental risks, either because such insurance is not available or because of high premium costs. In particular, insurance against risks from environmental pollution occurring over time (as opposed to sudden and catastrophic damages) is not available on economically reasonable terms. Accordingly, LGX's properties may be subject to liability due to hazards that cannot be insured against, or that have not been insured against due to prohibitive premium costs or for other reasons. It is also possible that changing regulatory requirements or emerging jurisprudence could render such insurance of less benefit to LGX.

Recording of Impairment

Under International Financial Reporting Standards, when indicators of impairment exist, the carrying value of Property, Plant and Equipment ("**PP&E**"), Exploration and Evaluation ("**E&E**") assets and Goodwill is compared to its recoverable amount. A decline in oil and gas prices or a reduction in reserves may be an indicator of impairment and may result in a write-down of the value of LGX's assets. While these write-downs would not affect cash flow from operations, the charge to earnings may be viewed unfavourably by investors and adversely impact the market price of the Common Shares. PP&E or E&E asset write-downs may also be reversed to earnings in future periods should the conditions that caused impairment reverse. Goodwill impairments are not allowed to be reversed in future periods. The calculation of impairment value is subject to management estimates and assumptions.

Hydraulic Fracturing

The proliferation of the use of hydraulic fracturing as a recovery technique employed in oil and natural gas drilling has given rise to increased public scrutiny of its environmental aspects, particularly with respect to its potential impact on local aquifers. LGX utilizes hydraulic fracturing in a significant portion of the light oil wells it drills and completes. Negative public perception of hydraulic fracturing may place pressure on governments in the jurisdictions where LGX operates to implement additional regulatory requirements or limitations on the utilization of hydraulic fracturing, which in turn could restrict LGX's operations and increase its costs.

Reserve Estimates

There are numerous uncertainties inherent in evaluating quantities of reserves and the net present value of future net revenue to be derived therefrom, including many factors beyond the control of LGX. The reserves information contained in the GLJ Report and set forth herein, including information respecting the net present value of future net revenue from reserves, represents an estimate only. This estimate is based on a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of oil and natural gas, operating costs and royalties and other government levies that may be imposed over the producing life of the reserves. These assumptions were based on price forecasts in use at the date the GLJ Report was prepared and many of these assumptions are subject to change and are beyond the control of LGX. Ultimately, the actual reserves attributable to LGX's properties will vary from the estimates contained in the GLJ Report and those variations may be material and affect the market price of the Common Shares.

Reserve Replacement

LGX's future oil and natural gas reserves and production and the cash flows to be derived therefrom are highly dependent on successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves LGX may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in reserves will depend not only on LGX's ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that LGX's future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas.

Industry Regulation and Competition

There is strong competition relating to all aspects of the oil and natural gas industry. LGX will actively compete for capital, skilled personnel, undeveloped land, reserve acquisitions, access to drilling rigs, service rigs and other equipment, access to processing facilities and pipeline and refining capacity, and in all other aspects of its operations with a substantial number of other organizations, many of which may have greater technical and financial resources than LGX. Some of those organizations not only explore for, develop and produce oil and natural gas but also carry on refining operations and market petroleum and other products on a world-wide basis and as such have greater and more diverse resources on which to draw. LGX's ability to increase reserves and production in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling.

The marketability of oil and natural gas acquired or discovered will be affected by numerous factors beyond the control of LGX. These factors include reservoir characteristics, market fluctuations, the proximity and capacity of oil and natural gas pipelines and processing equipment and government regulation. Oil and natural gas operations (exploration, production, pricing, marketing, transportation and royalty rates) are subject to extensive controls and regulations imposed by various levels of government, including those described above under the heading "Industry Conditions", which may be amended from time to time. LGX's oil and natural gas operations may also be subject to compliance with federal, provincial and local laws and regulations controlling the discharge of materials into the environment or otherwise relating to the protection of the environment. Changes to the regulation of the oil and gas industry in jurisdictions in which LGX operates may adversely impact LGX's ability to economically develop existing reserves and add new reserves.

Variations in Foreign Exchange Rates

LGX's expenses will be denominated in Canadian dollars, while the price of oil and natural gas will generally be denominated in U.S. dollars or impacted by the Canadian dollar to U.S. dollar exchange rate. As the exchange rate for the Canadian dollar versus the U.S. dollar increases, LGX will generally receive fewer Canadian dollars for its production. If the value of the Canadian dollar against the U.S. dollar increases, the financial results of LGX may be negatively affected. LGX's management may initiate certain hedges to mitigate these risks. Future fluctuations in the Canadian/United States foreign exchange rate may impact the future value of LGX's reserves as determined by independent evaluators.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada and the United States have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, has experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It is likely that the market price for the Common Shares will be subject to market trends generally, notwithstanding the financial and operational performance of LGX.

Issuance of Debt

From time to time LGX may enter into transactions to acquire assets or shares of other corporations. These transactions may be financed partially or wholly through debt, which may increase debt levels above industry standards. LGX's articles and by-laws do not limit the amount of indebtedness it may incur. The level of LGX's indebtedness from time to time could impair its ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Abandonment and Reclamation Costs

LGX will be responsible for compliance with terms and conditions of environmental and regulatory approvals and all laws and regulations regarding abandonment and reclamation in respect of its properties, which abandonment and reclamation costs may be substantial. A breach of such legislation or regulations may result in the imposition of fines and penalties, including an order for cessation of operations at the site until satisfactory remedies are made.

Possible Failure to Realize Anticipated Benefits of Future Acquisitions

LGX may complete acquisitions to strengthen its position in the oil and natural gas industry and to create the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of any future acquisitions depends, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as LGX's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own. The integration of acquired businesses requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect LGX's ability to achieve the anticipated benefits of these and future acquisitions.

Delay in Cash Receipts and Credit Worthiness of Counterparties

In addition to the usual delays in payment by purchasers of oil and natural gas to the operators of LGX's properties, and by the operator to LGX, payments between any of such parties may also be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, delays in the connection of wells to a gathering system, blowouts or other accidents, recovery by the operator of expenses incurred in the operation of LGX's properties or the establishment by the operator of reserves for such expenses. In addition, the insolvency or financial impairment of any counterparty owing money to LGX, including industry partners and marketing agents, could prevent LGX from collecting such debts.

Dilution

Common Shares, including rights, warrants, special warrants, subscription receipts and other securities to purchase, to convert into or to exchange into Common Shares, may be created, issued, sold and delivered on such terms and conditions and at such times as the Board may determine. In addition, LGX may issue additional Common Shares from time to time pursuant to LGX's stock option plan. The issuance of these Common Shares would result in dilution to holders of Common Shares.

Net Asset Value

LGX's net asset value will vary depending upon a number of factors beyond the control of LGX's management, including oil and natural gas prices. The trading price of the Common Shares is also determined by a number of factors which are beyond the control of management and such trading price may be greater than or less than the net asset value of LGX.

Reliance on Management

Shareholders will be dependent on the management of LGX in respect of the administration and management of all matters relating to LGX and its properties and operations. Investors who are not willing to rely on the management of LGX should not invest in Common Shares.

Permits and Licenses

The operations of LGX may require licenses and permits from various governmental authorities. There can be no assurance that LGX will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development at its projects.

Title to Properties

Although title reviews will be done according to industry standards prior to the purchase of most oil and natural gas producing properties or the commencement of drilling wells as determined appropriate by management, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat a claim of LGX which could result in a reduction of LGX's interest in a property or well and the revenue received by LGX therefrom.

The acquisition of title to petroleum and natural gas properties on First Nations lands is a very detailed and time-consuming process. While the Corporation has diligently investigated title to the Blood Lease, all or any of the lands included in the Blood Lease may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. There is no guarantee that title to the Blood Lease or any of the lands included in the Blood Lease will not be challenged or impugned. There may be valid challenges to the title of the Blood Lease or any of the lands included in the Blood Lease, which, if successful, could impair the Corporation's ability to explore, develop and/or operate the portion of its Alberta Bakken assets that are located on the Blood Tribe Reserve or to enforce its rights with respect thereto. In addition, other parties may dispute LGX's title to the lands included in the Blood Lease in which it has an interest and such properties may be subject to prior unregistered agreements or transfers or claims by aboriginal people, and title may be affected by undetected encumbrances or defects or government actions. An impairment to or defect in LGX's title to the Blood Lease or any of the lands included in the Blood Lease could have a material adverse effect on LGX's business, financial condition or results of operation. In addition, such claims, whether or not valid, will involve additional costs and expenses to defend or settle, which could adversely affect LGX's profitability.

Corporate Matters

To date, LGX has not paid any dividends on its outstanding Common Shares. Certain of the directors and officers of LGX are also directors and officers of other oil and gas companies involved in natural resource exploration and development, and conflicts of interest may arise between their duties as officers and directors of LGX, as the case may be, and as officers and directors of such other companies.

Failure to Maintain Listing of the Common Shares

The Common Shares are currently listed for trading on the facilities of the TSXV. The failure of LGX to meet the applicable listing or other requirements of the TSXV in the future may result in the Common Shares ceasing to be listed for trading on the TSXV, which would have a material adverse effect on the value of the Common Shares. There can be no assurance that the Common Shares will continue to be listed for trading on the TSXV.

Structure of LGX

From time to time, LGX may take steps to organize its affairs in a manner that minimizes taxes and other expenses payable with respect to the operation of LGX and its subsidiaries. If the manner in which LGX structures its affairs is successfully challenged by a taxation or other authority, LGX and the holders of Common Shares may be adversely affected.

Changes in Legislation

It is possible that the Canadian federal and provincial government or regulatory authorities could choose to change the Canadian federal income tax laws, royalty regimes, environmental laws or other laws applicable to oil and gas companies and that any such changes could materially adversely affect LGX, its shareholders and the market value of the Common Shares.

LEGAL PROCEEDINGS

LGX is involved in legal proceedings respecting the Emergency Order. See "Environmental Matters – Emergency Order".

There are no legal proceedings involving claims for damages for which the potential exposure is more than 10% of LGX's current assets to which LGX is or was a party or in respect of which any of its properties are or were subject during the year ended December 31, 2014, nor are there any such proceedings known to LGX to be contemplated.

During the year ended December 31, 2014, there were: (i) no penalties or sanctions imposed against LGX by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions imposed by a court or regulatory body against LGX that it believes would likely be considered important to a reasonable investor in making an investment decision; and (iii) no settlement agreements entered into by LGX with a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

As at December 31, 2014, Legacy owned 16,000,000 common shares of LGX, representing approximately 18% of the outstanding Common Shares. Legacy's shareholdings reflect the receipt of 200,000,000 Pre-Consolidation Shares pursuant to the Legacy Transaction and the acquisition by Legacy of 6,000,000 Common Shares pursuant to the public offering of subscription receipts completed by LGX on November 7, 2012.

Certain of the directors and officers of LGX purchased an aggregate of 34,060,000 units of LGX at a price of $0.05 per unit pursuant to the private placement of units completed on August 2, 2012. The private placement is described under the heading "General Development of the Business".

James Pasieka, a director of LGX, was a partner of the law firm Heenan Blaikie LLP until August 31, 2013 and has been a partner of the law firm McCarthy Tetrault LLP since September 1, 2013. LGX paid an aggregate of $450,849 in legal fees to McCarthy Tetrault LLP during the year ended December 31, 2014 and $7,817 in legal fees during the year ended December 31, 2013. LGX paid an aggregate of $85,522 in legal fees to Heenan Blaikie LLP during the year ended December 31, 2013 and $85,522 in legal fees during the year ended December 31, 2012.

Except as disclosed above or as may be disclosed elsewhere in this AIF, none of the directors, officers or principal shareholders of LGX, and no associate or affiliate of any of them, has or has had any material interest in any transaction or any proposed transaction within the three most recently completed financial years which has materially affected or is reasonably expected to materially affect LGX.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of LGX is PricewaterhouseCoopers LLP, Chartered Accountants.

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta and Toronto, Ontario.

INTEREST OF EXPERTS

The GLJ Report was prepared by GLJ. As at the date of the GLJ Report, the directors, officers, employees and consultants of GLJ who participated in the preparation of the reports or who were in a position to directly influence the preparation or outcome of the preparation of the reports, as a group, owned, directly or indirectly, less than 1% of the outstanding Common Shares.

An audit report contained in filings made by LGX under National Instrument 51-102 – Continuous Disclosure Requirements during the year ended December 31, 2014 was prepared by PricewaterhouseCoopers LLP, the auditor of LGX. PricewaterhouseCoopers LLP is independent of LGX pursuant to the rules of professional conduct of the Institute of Chartered Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information concerning LGX may be found under LGX's profile on SEDAR at www.sedar.com. Additional information, including information concerning director' and officers' remuneration and indebtedness, principal holders of LGX's securities and securities authorized for issuance under equity compensation plans, is contained in the information circular of LGX dated April 25, 2014 in respect of the annual general and special meeting of holders of Common Shares held on May 29, 2014. Additional financial information is provided in LGX's comparative financial statements and management's discussion and analysis for the year ended December 31, 2014.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

LGX OIL + GAS INC.

AUDIT COMMITTEE MANDATE

Role and Objective

The Audit Committee is a committee of the Board of Directors of LGX Oil + Gas Inc. (the "Corporation") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board approval, the audited consolidated financial statements and other mandatory disclosure releases containing financial information of the Corporation. The objectives of the Audit Committee are as follows:

1. to assist directors in fulfilling their legal and fiduciary obligations (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;

2. to oversee the audit efforts of the external auditors of the Corporation;

3. to maintain free and open means of communication among the directors, the external auditors and the financial and senior management of the Corporation;

4. to satisfy itself that the external auditors are independent of the Corporation; and

5. to strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

The function of the Committee is one of oversight of management and the external auditors in the execution of their responsibilities. Management is responsible for the preparation, presentation and integrity of the financial statements of the Corporation, maintaining appropriate accounting and financial reporting principles and policies and implementing appropriate internal controls and procedures. The external auditors are responsible for planning and carrying out a proper audit of the annual financial statements of the Corporation and reviewing the financial statements of the Corporation prior to their filing with securities regulatory authorities and other procedures.

Composition of the Committee

1. The Audit Committee shall consist of at least three directors. The Board shall appoint one member of the Audit Committee to be the Chair of the Audit Committee.

2. Each director appointed to the Audit Committee by the Board must be independent. A director is independent if the director has no direct or indirect material relationship with the Corporation. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of the director's independent judgment. In determining whether a director is independent of management, the Board shall make reference to National Instrument 52-110 – *Audit Committees* or the then current legislation, rules, policies and instruments of applicable regulatory authorities.

3. Each member of the Audit Committee shall be "financially literate". In order to be financially literate, a director must be, at a minimum, able to read and understand financial statements that present a breadth and complexity of accounting issues generally comparable to the breadth and complexity of issues expected to be raised by the Corporation's financial statements.

4. A director appointed by the Board to the Audit Committee shall be a member of the Audit Committee until replaced by the Board or until his or her resignation.

Meetings of the Committee

1. The Audit Committee shall convene a minimum of four times each year at such times and places as may be designated by the Chair of the Audit Committee and whenever a meeting is requested by the Board, a member of the Audit Committee, the auditors, or a senior officer of the Corporation. Meetings of the Audit Committee shall correspond with the review of the quarterly financial statements and management discussion and analysis of the Corporation.

2. Notice of each meeting of the Audit Committee shall be given to each member of the Audit Committee. The auditors shall be given notice of each meeting of the Audit Committee at which financial statements of the Corporation are to be considered and such other meetings as determined by the Chair and shall be entitled to attend each such meeting of the Audit Committee.

3. Notice of a meeting of the Audit Committee shall:

   (a) be in writing, including by email;

   (b) state the nature of the business to be transacted at the meeting in reasonable detail;

   (c) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and

   (d) be given at least two business days prior to the time stipulated for the meeting or such shorter period as the members of the Audit Committee may permit.

4. A quorum for the transaction of business at a meeting of the Audit Committee shall consist of a majority of the members of the Audit Committee. However, it shall be the practice of the Audit Committee to require review, and, if necessary, approval of certain important matters by all members of the Audit Committee.

5. A member or members of the Audit Committee may participate in a meeting of the Audit Committee by means of such telephonic, electronic or other communication facilities, as permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.

6. In the absence of the Chair of the Audit Committee, the members of the Audit Committee shall choose one of the members present to be Chair of the meeting. In addition, the members of the Audit Committee shall choose one of the persons present to be the Secretary of the meeting.

7. The Chairman of the Board, senior management of the Corporation and other parties may attend meetings of the Audit Committee; however, the Audit Committee: (i) shall meet *in camera* with the external auditors independent of management as necessary, in the sole discretion of the Committee, but in any event, not less than quarterly; and (ii) may meet separately with management.

8. Minutes shall be kept of all meetings of the Audit Committee and shall be signed by the Chair and the Secretary of the meeting.

Duties and Responsibilities of the Committee

1. It is the responsibility of the Audit Committee to oversee the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting. The external auditors shall report directly to the Audit Committee.

2. The Audit Committee shall, in the exercise of its powers, authorities and discretion so authorized, conform to any regulations or restrictions that may from time to time be made or imposed upon it by the Board or the legislation, policies or regulations governing the Corporation and its business.

3. It is the responsibility of the Audit Committee to satisfy itself on behalf of the Board that the Corporation's system of internal controls over financial reporting and disclosure controls and procedures are satisfactory for the purpose of:

   (a) identifying, monitoring and mitigating the principal risks intended to be addressed by such controls and procedures;

   (b) complying with the legal and regulatory requirements related to such controls and procedures;

   and to review with the external auditors their assessment of the internal controls over financial reporting and the disclosure controls of the Corporation, their written reports containing recommendations for improvement, and management's response and any follow-up to any identified weaknesses.

4. It is the responsibility of the Audit Committee to review the annual financial statements of the Corporation and, if deemed appropriate, recommend the financial statements to the Board for approval. This process should include but be not to be limited to:

   (a) reviewing and accepting, if appropriate, the annual audit plan of the external auditors of the Corporation, including the scope of audit activities, and monitor such plan's progress and results during the year;

   (b) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;

   (c) reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;

   (d) reviewing the methods used to account for significant unusual or non-recurring transactions;

   (e) reviewing compliance with covenants under loan agreements;

   (f) reviewing disclosure requirements for commitments and contingencies;

   (g) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;

   (h) reviewing unresolved differences between management and the external auditors;

(i) obtain explanations of significant variances with comparative reporting periods;

(j) review of business systems changes and implications;

(k) review of authority and approval limits;

(l) review the adequacy and effectiveness of the accounting and internal control policies of the Corporation and procedures through inquiry and discussions with the external auditors and management;

(m) confirm through private discussion with the external auditors and the management that no management restrictions are being placed on the scope of the external auditors' work;

(n) review of tax policy issues; and

(o) review of emerging accounting issues that could have an impact on the Corporation.

5. It is the responsibility of the Audit Committee to review the interim financial statements of the Corporation and, if deemed appropriate, to recommend the financial statements to the Board for approval and to review all prospectuses, management discussion and analysis, annual information forms and all other public disclosure containing significant audited or unaudited financial information, including the financial information to be contained in press releases relating to interim or annual financial results, before release and prior to Board approval. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of all other financial information and shall periodically assess the accuracy of those procedures.

6. The Audit Committee shall have the authority to:

(a) inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates;

(b) discuss with the management and senior staff of the Corporation, its subsidiaries and affiliates, any affected party and the external auditors, such accounts, records and other matters as any member of the Audit Committee considers necessary and appropriate;

(c) engage independent counsel and other advisors as it determines necessary to carry out its duties; and

(d) to set and pay the compensation for any advisors employed by the Audit Committee.

7. With respect to the appointment of external auditors by the Board, the Audit Committee shall:

   (a) recommend to the Board the appointment of the external auditors;

   (b) review the performance of the external auditors and make recommendations to the Board regarding the replacement or termination of the external auditors when circumstances warrant;

   (c) oversee the independence of the external auditors by, among other things, requiring the external auditors to deliver to the Audit Committee, on a periodic basis, a formal written statement delineating all relationships between the external auditors and the Corporation and its subsidiaries;

   (d) recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors shall report directly to the Committee; and

   (e) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.

8. Audit Committee shall review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of the Corporation and its subsidiaries.

9. The Audit Committee must pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by external auditors. The Audit Committee may delegate, to one or more members, the authority to pre-approve non-audit services, provided that the member report to the Audit Committee at the next scheduled meeting and such pre-approval and the member comply with such other procedures as may be established by the Audit Committee form time to time.

10. The Audit Committee shall review adherence to the risk management policies and procedures of the Corporation (i.e. hedging, litigation and insurance), including an annual review of insurance coverage, and make appropriate recommendations to the Board with respect thereto.

11. The Audit Committee shall establish and maintain procedures for:

   (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting controls, or auditing matters; and

   (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

12. The Audit Committee shall review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors or auditing matters.

13. The Audit Committee shall periodically report the results of reviews undertaken and any associated recommendations to the Board.

14. The Audit Committee shall assess, on an annual basis, the adequacy of this Mandate and the performance of the Audit Committee.

SCHEDULE "B"

REPORT ON RESERVES DATA BY GLJ PETROLEUM CONSULTANTS LTD.

FORM 51-101F2
REPORT ON RESERVES DATA
BY
INDEPENDENT QUALIFIED RESERVES
EVALUATOR OR AUDITOR

To the board of directors of LGX Oil + Gas Inc. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2014. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2014, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

   We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us for the year ended December 31, 2014, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company's board of directors:

Independent Qualified Reserves Evaluator	Description and Preparation Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate - M$)			
			Audited	Evaluated	Reviewed	**Total**
GLJ Petroleum Consultants	Corporate Summary February 20, 2015	CANADA	-	71,694	-	**71,694**

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.
7. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

EXECUTED as to our report referred to above:

GLJ Petroleum Consultants Ltd., Calgary, Alberta, Canada, March 10, 2015

"Originally Signed by"
Fred J. Heroux, P. Eng.
Manager, Engineering

SCHEDULE “C”

REPORT OF MANAGEMENT AND DIRECTORS ON RESERVES DATA AND OTHER INFORMATION

Terms to which a meaning is ascribed in National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities have the same meaning herein.

Management of LGX Oil + Gas Inc. (the “Corporation”) is responsible for the preparation and disclosure of information with respect to LGX’s oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2014, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated and reviewed LGX's reserves data. The report of the independent qualified reserves evaluator is presented in Schedule “B” to the Annual Information Form of LGX for the year ended December 31, 2014 (the “AIF”).

The Reserves Committee of the Board of Directors of LGX has:

(a) reviewed LGX’s procedures for providing information to the independent qualified reserves evaluator, GLJ Petroleum Consultants Ltd. (“GLJ”);

(b) met with GLJ to determine whether any restrictions affected the ability of GLJ to report without reservation; and

(c) reviewed the reserves data with management and with GLJ.

The Reserves Committee of the Board of Directors has reviewed LGX’s procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The Board of Directors has, on the recommendation of the Reserves Committee, approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1, incorporated into the AIF, containing reserves data and other oil and gas information;

(b) the filing of Form 51-101F2, which is the report of GLJ on the reserves data; and

(c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

(signed) "Trent Yanko"
Trent Yanko, President & Chief Executive Officer

(signed) "Curt Labelle"
Curt Labelle, Vice-President, Production

(signed) "Daryl Gilbert”
Daryl Gilbert, Director & Chairman of the Reserves Committee

(signed) "Chris Bloomer"
Chris Bloomer, Director

March 24, 2015