2014 Financial Statements

For the year ended December 31, 2014

FINANCIAL + OPERATIONAL HIGHLIGHTS (1)

	Three Months Ended December 31			Year Ended December 31		
(Cdn $, except per share amounts)	**2014**	**2013**	**% change**	**2014**	**2013**	**% change**
Financial						
Petroleum and natural gas sales, net of royalties	3,854,256	4,520,788	(15)	20,096,137	17,387,700	16
Funds generated by operations (2)	467,855	1,125,835	(58)	6,558,707	4,432,350	48
Per share basic	0.01	0.01	-	0.07	0.05	40
Per share diluted (3)	0.01	0.01	-	0.07	0.05	40
Net loss	(41,300,437)	(7,775,472)	431	(42,922,011)	(20,326,748)	111
Per share basic	(0.47)	(0.09)	422	(0.48)	(0.23)	109
Per share diluted (3)	(0.47)	(0.09)	422	(0.48)	(0.23)	109
Capital expenditures – Exploration and development (4)	9,179,368	12,782,541	(28)	17,478,051	15,321,445	14
Capital expenditures – Acquisitions and dispositions (4)	(220,000)	-	n/a	(220,000)	-	n/a
Net debt and working capital surplus (deficit) (2)	(30,332,110)	(19,635,864)	54	(30,332,110)	(19,635,864)	54
Operating						
Production						
Crude oil and natural gas liquids (Bbls per day)	628	718	(13)	636	619	3
Natural gas (Mcf per day)	1,446	1,482	(2)	1,350	1,673	(19)
Barrels of oil equivalent (Boe per day) (5)	869	965	(10)	861	898	(4)
Average realized price						
Crude oil and natural gas liquids ($ per Bbl)	71.00	78.26	(9)	89.79	84.60	6
Natural gas ($ per Mcf)	3.75	3.46	8	4.50	3.05	48
Barrels of oil equivalent ($ per Boe) (5)	57.55	63.55	(9)	73.38	63.99	15
Netback ($ per Boe) (2)						
Petroleum and natural gas sales	57.55	63.55	(9)	73.38	63.99	15
Royalties	9.34	12.63	(26)	9.44	10.94	(14)
Operating expenses	29.32	29.09	1	27.97	28.52	(2)
Transportation expenses	3.67	3.13	17	4.28	2.65	62
Operating Netback ($ per Boe) (2)	15.22	18.70	(19)	31.69	21.88	45
Undeveloped land holdings (gross acres)	115,199	119,668	(4)	115,199	119,668	(4)
(net acres)	109,392	113,541	(4)	109,392	113,541	(4)
Common Shares (000's)						
Common shares outstanding, end of period	88,658	88,658	-	88,658	88,658	-
Weighted average common shares (basic)	88,658	88,658	-	88,658	88,658	-
Weighted average common shares (diluted) (3)	88,658	88,658	-	88,658	88,658	-

(1) Consolidated financial and operating highlights for LGX Oil + Gas Inc. and all its subsidiaries ("LGX" or the "Company").

(2) Management uses funds generated by operations, net debt and working capital surplus (deficit) and operating netback to analyze operating performance and leverage. These terms, as presented, do not have a standardized meaning prescribed by International Financial Reporting Standards and therefore they may not be comparable with the calculation of similar measures for other entities. Refer to "Non IFRS Measures" in the Management Discussion and Analysis for the three and twelve months ended December 31, 2014.

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

(4) Refer to Capital Expenditures in the Management Discussion and Analysis for the three and twelve months ended December 31, 2014.

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

PRESIDENT'S MESSAGE

ACCOMPLISHMENTS

- Increased funds generated from operations from $4.4 million in 2013 to $6.6 million in 2014 (48 percent increase); increased funds generated from operations from $0.05 per share in 2013 to $0.07 per share in 2014 (40 percent increase)
- Continued to reduce operating expense from $28.52 per Boe in 2013 to $27.97 per Boe in 2014 (2 percent decrease)
- Increased gross proved plus probable reserves from 5.6 MMBoe at December 31, 2013 to 5.8 MMBoe at December 31, 2014; proved plus probable reserve additions replaced 162 percent of production in the year
- Drilled 2 gross (2.0 net) Big Valley oil wells with a 100 percent success rate in 2014

2014 OPERATIONS REVIEW

LGX drilled two horizontal wells into the Big Valley (Three Forks) Formation (12-2-8-24W4 and 6-36-8-24W4). The total capital expenditures for the two wells came in on budget at approximately $14 million.

The 12-2 well was drilled with a 1,402 m horizontal lateral and was completed with a 20 stage fracture stimulation. The well was put on production late November 2014 and averaged 315 Bbl per day of light oil for the first 30 days of production. LGX has a 100 percent working interest in the well prior to recovery of 200 percent of the drilling, completion, equipping and tie-in costs, at which point its interest will revert to 80 percent.

The 6-36 well was drilled with a 1,134 m horizontal lateral and was completed with a 20 stage fracture stimulation. The well was put on production late November 2014 and averaged 185 Bbl per day of light oil for the first 30 days of production. Water cuts are higher than the offsetting wells, indicating that load fluid is still being recovered from the well and maximum oil productive capability has not been achieved to-date. LGX has a 100 percent working interest in the well prior to recovery of 200 percent of the drilling, completion, equipping and tie-in costs, at which point its interest will revert to 80 percent.

The latest two wells, combined with previous production results, confirm the Big Valley (Three Forks) Formation continues to be prospective in the area. LGX believes that 20+ sections of its land are prospective for the Big Valley. Both wells encountered significant hydrocarbon shows in the overlying Banff Formation as indicated by drill cuttings, gas detector readings and strong oil "kicks" while drilling through the zone. The additional oil shows, as well as further geological and seismic interpretation and analysis, confirm the potential for a second play in the shallower Banff Formation. An operator with lands immediately offsetting LGX acreage to the north has achieved strong production results in the Banff Formation. Further drilling is required to confirm the extent of both plays and to hold lands under LGX's lease of lands on the Blood Reserve.

Due to the significant decline in commodity prices, the estimated future cash flows of certain assets dropped below the carrying value of those assets. As a result, LGX recorded a $33.8 million aggregate impairment charge on the exploration and evaluation assets and the property, plant and equipment assets of the Company in the fourth quarter of 2014.

OUTLOOK AND 2015 GUIDANCE

With cash flows impacted by oil prices at five year lows, LGX is working proactively to ensure it has the ability to meet its financial obligations under its credit facilities and satisfy the 2015 drilling commitments under its lease of lands on the Blood Reserve. The Company is currently evaluating measures, including but not limited to: asset sales, accessing third party capital, joint ventures and drilling commitment extension. At current commodity prices, the Company expects that it may approach non-compliance with the existing financial covenants under its credit facilities in the near future and will continue proactive discussions with its lender regarding the facility and the covenants.

After anticipated reductions and savings on operating expenses and G&A and without giving effect to any production additions from drilling in 2015, LGX expects to average 725 Boe per day of production in 2015 and generate slightly positive funds flow from operations at current strip pricing for 2015.

LGX has proven the concept of an over-pressured, oil saturated, light oil resource play over a broad area on its lands in the Big Valley Formation. In addition, the potential for a second exciting light oil play in the shallower Banff Formation has been confirmed through the drilling of the Big Valley wells to-date. Capital cost reductions have been demonstrated through the course of the 2014 program and additional savings are anticipated in the current low commodity price environment. The Company has significant exposure to the upside of both plays and only a small portion of the potential has been recognized in the Company's reserve report.

The management team at LGX continues to aggressively pursue opportunities that improve the upside potential, sustainability and autonomy of LGX.

MANAGEMENT'S DISCUSSION + ANALYSIS

The following management discussion and analysis ("MD&A"), as provided by the management of LGX Oil + Gas Inc. (formerly known as Bowood Energy Inc.) ("LGX" or the "Company") of the financial condition and performance of LGX for the three months and year ended December 31, 2014, as described below, as of March 24, 2015, is to be read in conjunction with the audited consolidated financial statements and related notes for the for the year ended December 31, 2014. The Company prepares its financial statements in accordance with International Financial Reporting Standards and interpretations (collectively referred to as "IFRS") as issued by the International Accounting Standards Board ("IASB"). All tabular amounts are stated in Canadian dollars unless indicated otherwise.

Emergency Order for the Protection of the Greater Sage-Grouse

An Emergency Order for the Protection of the Greater Sage-Grouse pursuant to *the Species at Risk Act* (Canada) ("Emergency Order") to address the imminent threats to the survival and recovery of the Greater Sage-Grouse, including protecting the habitat in southeast Alberta and southwest Saskatchewan identified in the order to help stabilize the Sage-Grouse population and begin its recovery, came into effect on February 18, 2014. 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.

As at December 31, 2014 and December 31, 2013, 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.

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 and may result in potential revisions to the reserves attributable to the Manyberries property in any future estimate of such reserves.

The Company has made provision for impairment losses of its Manyberries property as at December 31, 2014 in the amount of $8,350,000 relating to its property, plant and equipment (2013 - $nil) and based on management's best estimates, the $30.6 million carrying amount of its net assets in the Manyberries area at December 31, 2014 (December 31, 2013 - $38.8 million) is recoverable as the Company: (i) continues to operate its Manyberries property in accordance with the prohibitions of the Emergency Order; (ii) is seeking an order of the Federal Court quashing the Emergency Order; and (iii) may pursue compensation for losses arising from any impact to LGX's operations at Manyberries pursuant to the provisions of the Species at Risk Act (Canada).

Non-IFRS Measures

The MD&A contains the term funds generated by operations, which should not be considered an alternative to, or more meaningful than cash flow from operating activities as determined in accordance with IFRS as an indicator of the Company's performance. Funds generated by operations is a measure not defined in IFRS that is commonly used in the oil and gas industry and is a benchmark LGX uses to evaluate its performance. Funds generated by operations represent cash provided by operating activities before changes in non-cash working capital and transaction costs. The Company considers it a key measure as it demonstrates the ability of the Company's continuing operations to generate the cash flow necessary to fund future growth through capital investment and to repay debt. LGX's determination of funds generated by operations may not be comparable to that reported by other companies. The Company also presents funds generated by operations per share and per share diluted whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of earnings per share and diluted earnings per share. Funds generated by operations as presented is not intended to represent cash flow from operating activities, net income (loss) or other measures of financial performance calculated in accordance with IFRS.

The following table reconciles the cash flow from operating activities to funds generated by operations for the Company:

	Three Months Ended December 31			Year Ended December 31		
($)	**2014**	**2013**	**% change**	**2014**	**2013**	**% change**
Cash flow generated by (used) in operating activities	528,294	6,245,163	(92)	1,721,010	5,447,799	(68)
Transaction costs	-	-	n/a	-	48,034	(100)
Changes in non-cash working capital	(60,439)	(5,119,328)	(99)	4,837,697	(1,063,483)	(555)
Funds generated by operations	467,855	1,125,835	(58)	6,558,707	4,432,350	48

The MD&A contains the term netback and operating netback to analyze financial and operating performance. This benchmark as presented does not have any standardized meaning prescribed by IFRS and prior thereto, Canadian GAAP and therefore may not be comparable with the calculation of similar measures for other entities. Operating netback is used by research analysts to compare operating performance and the Company's ability to maintain current operations and meet the forecasted capital program.

The Company's operating netback is the net result of the Company's revenue (consisting of petroleum and natural gas sales, net of royalties), operating expenses and transportation expenses, as found in the accompanying consolidated financial statements, divided by production for the period.

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

($)	**As at December 31 2014**	**As at December 31 2013**
Total current assets	4,169,410	5,096,827
Total current liabilities	(34,501,520)	(24,732,691)
Net debt and working capital surplus (deficit)	(30,332,110)	(19,635,864)

The MD&A contains the term net acquisitions (cash consideration) which does not have any standardized meaning prescribed by IFRS and therefore may not be comparable with other entities. The Company uses net acquisitions (cash consideration) to present the total cash consideration paid for the acquisition of property, plant and equipment and exploration and evaluation assets acquired as part of business combinations net of cash consideration received for the divestitures of property, plant and equipment as well as exploration and evaluation assets. Net acquisitions (cash consideration) is used by the Company to present the net cash flow effect of these acquisitions and divestitures on the Company's cash flows for the period presented.

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

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

Forward-Looking Statements – This MD&A and the accompanying President's Message contain forward-looking statements. More particularly, they contain forward-looking statements concerning: (i) the prospectivity of LGX's properties with respect to the Big Valley (Three Forks) and Banff Formations; (ii) the expectation that, at current commodity prices, LGX may approach non-compliance with the existing financial covenants under its credit facilities in the near future; (iii) anticipated savings on operating expenses, G&A and capital costs; (iv) the anticipated 2015 average rate of production; (v) LGX's expectation that it will generate slightly positive funds flow from operations at current strip pricing for 2015; (vi) expected decreases in transportation and operating expenses, (vii) the potential impact of the Emergency Order on LGX's operations, reserves and financial position and the recoverability of the carrying amount of the Manyberries property; (viii) the sufficiency of LGX's liquidity to fund operating, interest and general and administrative expenses, (ix) the collectability of receivables, (x) the expected continuation of depressed oil pricing and the impact on LGX's credit facilities; (xi) estimated decommissioning liabilities and the timing of expenditures to satisfy decommissioning liabilities; (xii) the expected timing to satisfy accounts payable; and (xiii) LGX's ability to continue as a going concern.

The forward-looking statements contained in this MD&A and accompanying President's Message are based on certain key expectations and assumptions made by LGX, including expectations and assumptions concerning: (i) prevailing commodity prices; (ii) the availability and cost of capital, labour and services; (iii) the effectiveness of cost reduction initiatives; (iv) the performance of existing wells, (v) the availability and performance of facilities and pipelines, (vi) the geological characteristics of LGX's properties, (vii) prevailing weather and break-up conditions, royalty regimes and exchange rates, (viii) the application of regulatory and licensing requirements, and (ix) the application of the previously announced emergency order for the protection of the Greater Sage-Grouse (the "Emergency Order") and the Species at Risk Act (Canada) to the Corporation's Manyberries property.

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. Most importantly, certain of the forward-looking statements are highly dependent on prevailing commodity prices and significant fluctuations in prevailing commodity prices may impact anticipated cash flows, production and compliance with debt covenants. Other factors and risks include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), uncertainty as to the availability and cost of capital, labour and services, exchange rate fluctuations, fluctuations in oil price differentials, unexpected adverse weather conditions, changes to existing laws and regulations, uncertainties as to the application and impact of the Emergency Order and uncertainties as to the outcome of efforts by LGX to quash or amend the Emergency Order or to obtain compensation for losses related to the Emergency Order. These and other risks are set out in more detail in this MD&A under the heading "Risk Assessment" and in LGX's Annual Information Form for the year ended December 31, 2014 dated March 24, 2015.

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

Caution Respecting Initial Production Results - The production results for the two Big Valley (Three Forks) wells disclosed in this President's Message are initial results for the first thirty days of production only and are not determinative of the rates at which such wells will continue production and decline thereafter. These results are not necessarily indicative of current performance, long-term performance or ultimate recovery from the wells. Readers are cautioned not to place undue reliance on such rates in considering the long-term performance of the wells or the aggregate production of the Company.

GOING CONCERN

The consolidated financial statements for the year ended December 31, 2014 have been prepared on a going concern basis under the historical cost basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due, except for the revaluation to fair value of certain financial assets and financial liabilities, as detailed in the Company's accounting policies presented in Note 3. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying amounts of its assets and to meet its liabilities as they become due.

The Company reported an impairment on exploration and evaluation assets and property, plant and equipment of $33,750,000 (2013 - $250,000) and a net loss of $42,922,011 for the year ended December 31, 2014 (2013 - $20,326,748). For the year ended December 31, 2014, the Company reported net cash flow from operating activities of $1,721,010 (2013 - $5,447,799). At December 31, 2014, the Company had drawn $20,340,000 (2013 - $11,050,000) against its credit facilities of $30,000,000 (2013 - $25,000,000) and had other working capital deficiencies of $9,992,110 (2013 - $8,585,864). As the senior credit facility is a demand loan, it may be called at any time. The junior credit facility is term, but subject to acceleration in the event of breach of covenants. As the lending value of the credit facility is tied closely to reserves, which is directly linked to oil and natural gas forecasted benchmark prices, and current over-supply and depressed pricing is expected to continue for the immediate future, there is no assurance that the credit facility will be renewed on current terms or levels when it is next formally reviewed, no later than May 31, 2015. Should the bank not extend the loan, the Company would need to seek alternative forms of debt or equity financing, which would be difficult in the current environment, or dispose of certain assets to repay the outstanding indebtedness. Low oil prices, declining production and the Emergency Order may reduce the ability of the Company to generate positive cash flows from its operations and in turn may reduce the Company's ability to develop its properties.

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

These consolidated financial statements include an adjustment to derecognize the Company's deferred tax asset as there is doubt whether the Company may have sufficient future net income to realize the deferred tax asset under current market conditions. With the exception of the adjustment noted above, these financial statements do not include any other adjustments to the amounts and classifications of assets and liabilities, and the reported revenues and expenses, that might be necessary should the Company not be able to continue as a going concern, and therefore, be required to realize its assets and discharge its liabilities other than in the normal course of business and at carrying amounts different from those reflected in the accompanying financial statements. Any such adjustments could be material.

With cash flows impacted by oil prices at five year lows, LGX is working proactively to ensure it has the ability to meet its financial obligations under its credit facilities and satisfy the 2015 drilling commitments under its lease of lands on the Blood Reserve. At current commodity prices, the Company expects that it may approach non-compliance with the existing financial covenants under its credit facilities in the near future and will continue proactive discussions with its lender regarding the facility and the covenants. In order to address the above factors, the Company is currently evaluating measures, including but not limited to: asset sales, accessing third party capital, joint ventures and drilling commitment extension. There is no assurance that these initiatives will be successful.

RESULTS OF OPERATIONS

Production

	Three Months Ended December 31			Year Ended December 31		
	2014	2013	% change	2014	2013	% change
Daily Production						
Crude oil and natural gas liquids (Bbls per day)	628	718	(13)	636	619	3
Natural gas (Mcf per day)	1,446	1,482	(2)	1,350	1,673	(19)
Total (Boe per day)	869	965	(10)	861	898	(4)

For the three months ended December 31, 2014, LGX's production was 869 Boe per day compared to 965 Boe per day for the same period in the prior year. This decrease was due primarily to decreased production volumes in the Manyberries area due to natural declines as well as the Company choosing to delay workover operations under the current pricing environment. This decrease was partially offset by the drilling and subsequent tie-in of two successful oil wells in the Alberta Bakken late in the fourth quarter. Crude oil and natural gas liquids production for the three months ended December 31, 2014 was 628 Bbls per day compared to 718 Bbls per day for the three months ended December 31, 2013. Natural gas production was 1,446 Mcf per day for the three months ended December 31, 2014 compared to 1,482 Mcf per day for the three months ended December 31, 2013.

Average production for the year ended December 31, 2014 was 861 Boe per day compared to 898 Boe per day in the prior year. This decrease was due primarily to lower production volumes in the Manyberries area as a result of natural declines combined with the Company delaying workover operations under the current pricing environment as discussed above. This decrease was partially offset by the drilling and subsequent tie-in of two successful oil wells in the Alberta Bakken late in the fourth quarter. Crude oil and natural gas liquids production was 636 Boe per day for the year ended December 31, 2014 compared to 619 Boe per day in the prior year. Natural gas production was 1,350 Mcf per day for the year ended December 31, 2014 compared to 1,673 Boe per day in the prior year.

During the three months and year ended December 31, 2014, the Company drilled 2 gross (2 net) oil wells with a 100 percent drilling success rate.

Realized Commodity Prices

	Three Months Ended December 31			Year Ended December 31		
	2014	2013	% change	2014	2013	% change
Daily Average Benchmark Prices						
Crude oil – WTI (US$ per Bbl)	73.12	97.50	(25)	92.92	98.00	(5)
Crude oil – WTI ($ per Bbl)	83.04	102.33	(19)	102.62	100.93	2
Crude oil – Canadian Light Sweet ($ per Bbl)(1)	75.32	86.32	(13)	94.40	93.31	1
Natural gas – AECO-C Spot ($ per Mcf)	3.63	3.52	3	4.48	3.13	43
Exchange rate – (US/CAD)	0.881	0.953	(8)	0.905	0.971	(7)
LGX's average realized prices						
Crude oil and natural gas liquids ($ per Bbl)	71.00	78.26	(9)	89.79	84.60	6
Natural gas ($ per Mcf)	3.75	3.46	8	4.50	3.05	48
Barrels of oil equivalent ($ per Boe)	57.55	63.55	(9)	73.38	63.99	15

(1) Edmonton Par prices are discontinued as of May 1, 2014, and replaced by Canadian Light crude blend which is traded daily on the Net Energy Index. Natural Resources Canada publishes Canadian Light Sweet price at Edmonton under the Select Crude Prices.

LGX's realized price for its crude oil and natural gas liquids sales in the fourth quarter of 2014 was $71.00 per Bbl (2013 – $78.26) compared to a C$ WTI price of $83.04 per Bbl (2013 - $102.33 per Bbl). LGX's oil production is light sweet crude produced in southern Alberta. For the year ended December 31, 2014, LGX's realized price for its crude oil and natural gas liquid sales was $89.79 (2013- $84.60 per Bbl) compared to a C$ WTI price of $102.62 per Bbl (2013 - $100.93).

For the fourth quarter of 2014, the Company's realized price for its natural gas was $3.75 per Mcf (2013 – $3.46) compared to an AECO-C price of $3.63 per Mcf (2013 - $3.52). For the year ended December 31, 2014, LGX's realized price for natural gas sales was $4.50 per Mcf (2013 – $3.05) compared to an AECO-C price of $4.48 (2013 - $3.13).

Revenue

($, except per Boe and percent amounts)	Three Months Ended December 31 2014	2013	% change	Year Ended December 31 2014	2013	% change
Petroleum and natural gas sales by product						
Crude oil and natural gas liquids	4,102,359	5,169,820	(21)	20,844,617	19,114,511	9
Natural gas	498,996	471,958	6	2,217,093	1,859,845	19
Total petroleum and natural gas sales	4,601,355	5,641,778	(18)	23,061,710	20,974,356	10
$ per Boe	57.55	63.55	(9)	73.38	63.99	15
Royalties						
Royalties	747,099	1,120,990	(33)	2,965,573	3,586,656	(17)
$ per Boe	9.34	12.63	(26)	9.44	10.94	(14)
% of petroleum and natural gas sales	16.2	19.9	(19)	12.9	17.1	(25)
Revenue						
Petroleum and natural gas sales, net of royalties	3,854,256	4,520,788	(15)	20,096,137	17,387,700	16
$ per Boe	48.21	50.92	(5)	63.94	53.05	21

For the three months ended December 31, 2014, LGX's petroleum and natural gas sales were $4,601,355 compared to $5,641,778 for the three months ended December 31, 2013. The decrease for the three months ended December 31, 2014 can be attributed to a lower average realized price per Boe combined with lower production volumes related to the Manyberries properties, offset by higher production volumes related to the successful drilling efforts in the fourth quarters of 2013 and 2014 in the Alberta Bakken compared to the three months ended December 31, 2013. For the year ended December 31, 2014, LGX's petroleum and natural gas sales were $23,061,710 compared to $20,974,356 for the prior year. The increase for the year ended December 31, 2014 can be attributed to a higher average realized price per Boe combined with higher production volumes in the Alberta Bakken, offset by lower production volumes related to the Manyberries properties.

Royalties consist of royalties to provincial governments, freehold landowners and overriding royalty owners. For the three months ended December 31, 2014, total royalties were $747,099 compared to $1,120,990 for the three months ended December 31, 2013. The decrease is attributable to the decrease in petroleum and natural gas sales discussed above. The Company's average royalty rate for the three months ended December 31, 2014 was 16.2 percent compared to 19.9 percent in the prior year. This decrease is due to additional royalty assessments on acquired properties recorded during the fourth quarter of 2013 relating to periods prior to acquisition of the Manyberries properties in 2013 as well as overall lower royalties on production from the Alberta Bakken area as compared to other areas in the LGX portfolio. Royalties are calculated based on commodity revenue, net of associated transportation costs, well productivity and before any commodity hedging gains or losses.

For the year ended December 31, 2014, total royalties decreased 17 percent to $2,965,573 from $3,586,656 in the prior year. The company's average royalty rate for the year ended December 31, 2014, decreased 25 percent to 12.9 percent, compared to 17.1 percent in the prior year. The decreases is in the total royalties and the royalty rate are due to the petroleum and natural gas sales from the Alberta Bakken making up a higher proportion of total petroleum and natural gas sales in 2014 and those sales from the Alberta Bakken properties having a lower royalty rate than those historically shown on the other LGX properties, combined with the additional royalty assessments discussed above.

Operating and Transportation Expenses

($, except per Boe amounts)	Three Months Ended December 31 2014	2013	% change	Year Ended December 31 2014	2013	% change
Operating expenses	2,343,998	2,582,181	(9)	8,788,607	9,346,807	(6)
$ per Boe	29.32	29.09	1	27.97	28.52	(2)
Transportation expenses	293,321	277,955	6	1,344,405	869,266	55
$ per Boe	3.67	3.13	17	4.28	2.65	62
Total operating costs	2,637,319	2,860,136	(8)	10,133,012	10,216,073	(1)
$ per Boe	32.99	32.22	2	32.24	31.17	3

Total operating costs during the fourth quarter of 2014 were $2,637,319, compared to $2,860,136 in the same period in prior year. The decrease in total operating costs is attributable to decreased production volumes in the fourth quarter of 2014. On a per Boe basis, operating expenses for the three months ended December 31, 2014 were $29.32 (2013 - $29.09). On a per Boe basis, transportation expenses for the three months ended December 31, 2014 were $3.67 (2013 - $3.13). The increase in transportation expenses per Boe is due to increased trucking rates in 2014 compared 2013 as well as the need to additionally truck volumes in the Alberta Bakken area for the fourth quarter of 2014 compared to the fourth quarter of 2013. Total operating costs (including operating and transportation expenses) on a per Boe basis were $32.99 (2013 – $32.22).

Total operating costs during the year ended December 31, 2014 were $10,133,012, a 1 percent decrease, compared to $10,216,073 in the prior year. The decrease in total operating costs is attributable to decreased production volumes and a reduction in downhole workovers throughout the year compared to the prior year. On a per Boe basis, operating expenses for the year ended December 31, 2014 were $27.97 (2013 – $28.52). The decrease in operating expenses on a per Boe basis is due to the reduction in downhole workovers discussed above. On a per Boe basis, transportation expenses for the year ended December 31, 2014 were $4.28 (2013 - $2.65). The significant increase in transportation expenses on a per Boe basis is due to an increase in trucking rates combined with the need to truck volumes in the Alberta Bakken area for the full twelve months in 2014 compared to only one month in 2013. Total operating costs (including operating and transportation expenses) on a per Boe basis were $32.24 (2013 - $31.17).

Exploration and Evaluation Expenses

	Three Months Ended December 31			Year Ended December 31		
($)	**2014**	**2013**	**% change**	**2014**	**2013**	**% change**
Exploration and evaluation expenses	15,401	11,233,809	(100)	1,076,725	24,706,092	(96)

During the three months ended December 31, 2014, the Company recorded $15,401 of exploration and evaluation expenses compared to $11,233,809 in the same period in the prior year. During the year ended December 31, 2014, the Company recorded $1,076,725 of exploration and evaluation expenses compared to $24,706,092 in the prior year. The decrease in exploration and evaluation expenses for the quarter and year ended December 31, 2014 are mainly attributable to the significant expiration of land leases in the Alberta Bakken area in 2013 compared to 2014.

Depletion and Depreciation

	Three Months Ended December 31			Year Ended December 31		
($, except per Boe amounts)	**2014**	**2013**	**% change**	**2014**	**2013**	**% change**
Depletion and depreciation	1,992,606	2,251,621	(12)	8,082,601	7,773,193	4
$ per Boe	24.92	25.36	(2)	25.72	23.72	8

For the three months ended December 31, 2014, depletion and depreciation expense was $1,992,606 (2013 - $2,251,621). The decrease is due primarily to decreased production volumes for the Company in the fourth quarter of 2014 compared to the same period in the prior year. On a per Boe basis, depletion and depreciation for the fourth quarter of 2014 was $24.92 (2013 – $25.36). This decrease, on a per Boe basis, is due to an increase in reserves from the year end reserve report for the Company as a whole.

For the year ended December 31, 2014, depletion and depreciation expense was $8,082,601 (2013 - $7,773,193). This increase is due to new depletion added in the fourth quarter of 2014 resulting from Alberta Bakken exploration and evaluation assets reclassified to petroleum and natural gas assets during the quarter, offset by lower production volumes for the Company as a whole for the year, compared to the prior year. On a per Boe basis, depletion and depreciation for the year ended December 31, 2014 was $25.72 (2013 - $23.72). This increase, on a per Boe basis, is due to lower production volumes in 2014 compared to the prior year.

Impairment

	Three Months Ended December 31			Year Ended December 31		
($, except per Boe amounts)	**2014**	**2013**	**% change**	**2014**	**2013**	**% change**
Impairment	33,750,000	250,000	13,400	33,750,000	250,000	13,400

For the three months and year ended December 31, 2014, the Company recognized a $33,750,000 impairment loss compared to a $250,000 impairment loss for the same periods in the prior year.

At December 31, 2014, due to the decline of oil and natural gas commodity prices in the fourth quarter of 2014, impairment tests were carried out on the carrying amount of exploration and evaluation assets ("E&E") and property, plant and equipment ("PP&E") of each of the Company's cash-generating units (CGUs) resulting in a $33,750,000 impairment loss recorded in the following CGUs:

- Alberta Bakken CGU, composed of primarily light oil and natural gas producing assets and undeveloped land located in southern Alberta, recognized a $16,150,000 E&E impairment and a $7,500,000 PP&E impairment. The Alberta Bakken CGU had a recoverable amount of $44.0 million at December 31, 2014.
- Manyberries, CGU, composed of primarily light oil assets located in southwest Alberta, recognized an $8,350,000 impairment of PP&E. The Manyberries CGU had a recoverable amount of $30.6 million at December 31, 2014.
- Armada CGU, composed of natural gas and light oil producing assets located in southern Alberta, recognized a $1,050,000 PP&E impairment. The Armada CGU had a recoverable amount of $5.1 million at December 31, 2014.
- Southern Alberta Minors CGU, composed of mainly light oil producing assets in southern Alberta, recognized a $700,000 impairment of PP&E. The Southern Alberta Minors CGU had a recoverable amount of $2.0 million at December 31, 2014.

The E&E and PP&E impairments noted above are recorded in net loss and may only be reversed in future periods if there is significant indication that an impairment loss recognized in prior periods no longer exist or may have decreased, but only to the extent of what the carrying amount of E&E or PP&E would have been had no impairment been recognized.

The impairment tests are sensitive to lower commodity prices, which have been under significant downward pressure recently. Further declines in forecasted oil and natural gas commodity prices could result in additional impairment losses in future periods if the recoverable amounts of CGUs are further eroded by these price decreases.

At December 31, 2013, the Emergency Order, decreased reserve engineers reserve estimates and increased operating expenses for the year ended December 31, 2013 were identified as potential impairment indicators for the Company's E&E and PP&E. As a result, impairment testing was performed resulting in a $250,000 D&P impairment loss recorded for the year ended December 31, 2013 in net loss relating to the Company's Armada CGU. At December 31, 2013, the Armada CGU had a recoverable amount of $6.7 million.

General and Administrative Expenses

	Three Months Ended December 31			**Year Ended December 31**		
($, except per Boe amounts)	**2014**	**2013**	**% change**	**2014**	**2013**	**% change**
General and administrative expenses	636,207	618,600	3	2,977,641	2,683,315	11
Recoveries	(140,895)	(128,438)	10	(331,039)	(142,768)	132
Capitalized general and administrative expenses	(75,150)	(75,150)	-	(300,600)	(300,600)	-
Total net general and administrative expenses	420,162	415,012	1	2,346,002	2,239,947	5
$ per Boe	5.26	4.67	13	7.47	6.83	9

During the fourth quarter of 2014, net general and administrative expenses ("G&A") increased 1 percent to $420,162 compared to $415,012 in the same period in 2013. On a per Boe basis, the G&A expense was $5.26 per Boe for the three months ended December 31, 2014 (2013 - $4.67). This increase is due to the decrease in production volumes for the three months ended December 31, 2014 compared to the same period in the prior year. Net G&A for the quarter was comprised of $636,207 (2013 - $618,600) in general and administrative expenses less $140,895 (2013 - $128,438) in recoveries and $75,150 (2013 - $75,150) in capitalized G&A. G&A expenses for LGX consist primarily of the monthly Services Agreement fee charged by Legacy Oil + Gas Inc. ("Legacy").

For the year ended December 31, 2014, net general and administrative expenses ("G&A") increased 5 percent to $2,346,002 compared to $2,239,947 in the prior year. This increase was primarily due to additional legal fees incurred during the year to understand and assess the Emergency Order. On a per Boe basis, the G&A expense increased by 9 percent to $7.47 per Boe for the year ended December 31, 2014 compared to $6.83 per Boe for the prior year. Net G&A for the year ended December 31, 2014 was comprised of $2,977,641 (2013 - $2,683,315) in general and administrative expenses less $331,039 (2013 - $142,768) in recoveries and $300,600 (2013 - $300,600) in capitalized G&A. For the year ended December 31, 2014, G&A expenses for LGX consisted primarily of monthly management fees charged by Legacy per the Services Agreement.

Share-based Payments

($)	Three Months Ended December 31 2014	2013	% change	Year Ended December 31 2014	2013	% change
Share-based payments expense	179,307	128,791	39	587,080	643,317	(9)

For the three months ended December 31, 2014, the Company expensed $179,307 in share-based payments related to stock options compared to $128,791 for the same period in the prior year. This increase is primarily due to new stock options granted in the third quarter of 2014.

For the year ended December 31, 2014, the Company expensed $587,080 in share-based payments related to stock options compared to $643,317 for the prior year. This decrease is mainly due to the vesting of options granted in the first half of 2013 combined with new stock options granted in the latter half of 2014, therefore, only included in expense for half of 2014.

Finance Costs and Foreign Exchange Loss

($)	Three Months Ended December 31 2014	2013	% change	Year Ended December 31 2014	2013	% change
Interest expense and finance charges	313,519	61,329	411	1,034,808	306,298	238
Accretion on decommissioning liabilities	195,561	161,682	21	782,000	637,649	23
Total finance costs	509,080	223,011	128	1,816,808	943,947	92
Foreign exchange loss	-	1,906	(100)	-	1,906	(100)

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

During the fourth quarter of 2014, interest and finance charges increased to $313,519 compared to $61,329 for the same period in 2013. This increase was due to the increase in the average debt balance in the fourth quarter of 2014 compared to the fourth quarter of 2013 as well as the Company entering into a new bank facility late in the third quarter of 2014 which carried slightly higher rates compared to the facility in place in the prior year. During the fourth quarter of 2014, accretion on decommissioning liabilities was $195,561 (2013 - $161,682). This increase relates to additional accretion on the new Alberta Bakken wells drilled in the fourth quarter of 2013 and the third quarter of 2014.

For the year ended December 31, 2014, interest and finance charges increased to $1,034,808 compared to $306,298 in 2013. The increase in interest and finance charges during the year ended December 31, 2014 was due to higher average bank debt compared to the prior year. For the year ended December 31, 2014, accretion on decommissioning liabilities was $782,000 compared to $637,649 for the prior year. The increase relates to additional accretion on the new Alberta Bakken wells as discussed above.

During the fourth quarter of 2014 and the year ended December 31, 2014, the Company had no foreign exchange losses, translating foreign denominated working capital, compared to nominal foreign exchange losses for the same periods in the prior year.

Other Expenses and Other Loss (Income)

($)	Three Months Ended December 31 2014	2013	% change	Year Ended December 31 2014	2013	% change
Transaction costs	-	-	n/a	-	48,034	(100)
Loss (gain) on acquisitions and dispositions	268,998	(1,209,641)	(122)	268,998	(1,209,641)	(122)
Total other expenses and other loss (income)	268,998	(1,209,641)	(122)	268,998	(1,161,607)	(123)

For the three months ended December 31, 2014 and December 31, 2013, the Company incurred no transaction costs.

For the year ended December 31, 2014, the Company incurred transaction costs of $nil (2013 - $48,034). The 2013 transaction costs relate to additional transactions costs from prior business combinations.

For the three months and year ended December 31, 2014, the Company recorded a $268,998 loss as a result of a minor disposition in the fourth quarter, compared to a $1,209,641 gain on acquisition as a result of finalizing the reverse acquisition of

LGX by Legacy Oil + Gas Inc.'s Southern Alberta Assets in the same periods in the prior year. As the final purchase price adjustments had been recorded directly in net income, there was no effect on the purchase price equations previously presented.

Income Taxes

	Three Months Ended December 31			Year Ended December 31		
($)	**2014**	**2013**	**% change**	**2014**	**2013**	**% change**
Deferred income tax expense (recovery)	5,381,820	(3,858,385)	(239)	4,956,922	(7,898,420)	(163)

A deferred income tax expense of $5,381,820 was recognized for the three months ended December 31, 2014, resulting in an effective deferred income tax rate of 15 percent of the net loss before tax compared to the applicable Canadian statutory tax rate of 25 percent. An income tax recovery was recognized for the three months ended December 31, 2013 of $3,858,385. The deferred tax expense for the three months ended December 31, 2014 include an adjustment to derecognize the Company's deferred tax asset as there is doubt whether the Company may have sufficient future net income to realize the deferred tax asset under current market conditions.

A deferred income tax expense of $4,956,922 was recognized for the year ended December 31, 2014, resulting in an effective deferred income tax rate of 13 percent of the net loss before tax. The effective deferred income tax rate is higher than the applicable Canadian statutory tax rate of 25 percent as a result of a deferred tax allowance recognized in 2014. An income tax recovery of $7,898,420 was recognized for the year ended December 31, 2013. The deferred tax expense for the year ended December 31, 2014 include an adjustment to derecognize the Company's deferred tax asset as there is doubt whether the Company may have sufficient future net income to realize the deferred tax asset under current market conditions.

Net Income (Loss) and Funds Generated by Operations

	Three Months Ended December 31			Year Ended December 31		
($, except per Boe amounts)	**2014**	**2013**	**% change**	**2014**	**2013**	**% change**
Net income (loss)	(41,300,437)	(7,775,472)	431	(42,922,011)	(20,326,748)	111
Per share basic	(0.47)	(0.09)	422	(0.48)	(0.23)	109
Per share diluted	(0.47)	(0.09)	422	(0.48)	(0.23)	109
Funds generated by operations	467,855	1,125,835	(58)	6,558,707	4,432,350	48
Per share basic	0.01	0.01	-	0.07	0.05	40
Per share diluted	0.01	0.01	-	0.07	0.05	40
$ per Boe	5.85	12.68	(54)	20.87	13.53	54

For the three months ended December 31, 2014, net loss of $41,300,437 was recognized compared to net loss of $7,775,472 during the same period in 2013 due primarily to an impairment of $33,750,000 on the property, plant and equipment and exploration and evaluation assets in the fourth quarter of 2014 compared to an impairment of $250,000 in the fourth quarter of 2013, a significant decrease in exploration and evaluation expenses in the fourth quarter of 2014 as well as a loss on disposition and deferred tax expense in the current period compared to a gain on acquisition and deferred tax recovery in the prior year. Basic and diluted net loss per share for the fourth quarter of 2014 was $0.47, compared to basic and diluted net loss per share of $0.09 for 2013. Funds generated by operations decreased 58 percent to $467,855 for the fourth quarter of 2014, compared to $1,125,835 during the same period in 2013, due primarily to a decrease in production volumes and a decrease in operating netbacks. Basic and diluted funds generated by operations per share for the quarter ended December 31, 2014 were $0.01, compared to $0.01 in the same period in the prior year.

For the year ended December 31, 2014, net loss of $42,922,011 was recognized compared to net loss of $20,326,748 during 2013 primarily due primarily to an impairment of $33,750,000 on the property, plant and equipment and exploration and evaluation assets in 2014 compared to an impairment of $250,000 in the prior year, a significant decrease in exploration and evaluation expenses in 2014 compared to the prior year, increased finance costs in the current year as well as a loss on acquisition and deferred tax expense in the current period compared to an acquisition gain and deferred tax recovery in the prior year, offset by by increased operating netback on decreased production volumes. Basic and diluted net loss per share for the year ended December 31, 2014 was $0.48, compared to basic and diluted net loss per share of $0.23 in the prior year. Funds generated by operations increased 48 percent to $6,558,707 for the year ended December 31, 2014, compared to funds used in operations of $4,432,350 in 2013, due primarily to lower production volumes. Basic and diluted funds generated by operations per share for the year ended December 31, 2014 were $0.07, compared to $0.05 in the prior year.

The following table summarizes the operating netbacks and funds generated by operations on a per Boe basis for the three months and years ended December 31, 2014 and 2013:

	Three Months Ended December 31			Year Ended December 31		
($ per Boe)	**2014**	**2013**	**% change**	**2014**	**2013**	**% change**
Petroleum and natural gas sales	57.55	63.55	(9)	73.38	63.99	15
Royalties	(9.34)	(12.63)	(26)	(9.44)	(10.94)	(14)
Revenue	48.21	50.92	(5)	63.94	53.05	21
Operating expenses	(29.32)	(29.09)	1	(27.97)	(28.52)	(2)
Transportation expenses	(3.67)	(3.13)	17	(4.28)	(2.65)	62
Operating netback	15.22	18.70	(19)	31.69	21.88	45
Exploration and evaluation expenses (cash portion)	(0.19)	(0.30)	(37)	(0.07)	(0.49)	(86)
General and administrative expenses	(5.26)	(4.67)	13	(7.47)	(6.83)	9
Finance costs – Interest expense and finance charges (cash portion)	(3.92)	(0.69)	468	(3.28)	(0.93)	253
Realized foreign exchange loss	-	(0.02)	(100)	-	(0.01)	(100)
Decommissioning liabilities settled	-	(0.34)	(100)	-	(0.09)	(100)
Funds generated by operations	5.85	12.68	(54)	20.87	13.53	54

SELECTED ANNUAL INFORMATION

($, except per share amounts)	**2014**	**2013**	**2012**
Petroleum and natural gas sales	23,061,710	20,974,356	4,817,600
Petroleum and natural gas sales, net of royalties	20,096,137	17,387,700	4,046,322
Net Income (Loss)	(42,922,011)	(20,326,748)	3,419,269
Per share basic	(0.48)	(0.23)	0.15
Per share diluted	(0.48)	(0.23)	0.15
Total assets	110,227,014	135,247,379	148,469,818
Working capital surplus (deficit) (1)	(9,992,110)	(8,585,864)	(8,056,927)
Bank debt (1)	(20,340,000)	(11,050,000)	(1,850,000)
Net debt and working capital surplus (deficit) (1)	(30,332,110)	(19,635,864)	(9,906,927)

(1) The working capital surplus comprises total current assets less total current liabilities, excluding current bank debt. Net debt and working capital surplus (deficit) includes the Company's bank debt plus total current liabilities less total current assets. Net debt and working capital surplus (deficit) excludes deferred taxes and excludes decommissioning liabilities.

SUMMARY OF QUARTERLY RESULTS

The table below contains fourth quarter 2014 results of LGX as well as comparisons to the previous seven quarterly results for the Company:

	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1
Financial								
($, except per share amounts)								
Petroleum and natural gas sales	4,601,355	5,059,868	6,311,665	7,088,822	5,641,778	5,698,496	4,993,556	4,640,526
Petroleum and natural gas sales net of royalties	3,854,256	4,331,707	5,490,455	6,419,719	4,520,788	4,819,532	4,156,240	3,891,140
Funds generated by (used in) operations	467,855	1,148,432	1,874,662	3,067,758	1,125,835	581,632	1,609,234	1,115,649
- Per share basic	0.01	0.01	0.02	0.03	0.01	0.01	0.02	0.01
- Per share diluted	0.01	0.01	0.02	0.03	0.01	0.01	0.02	0.01
Net Income (Loss)	(41,300,437)	(1,074,202)	(727,033)	179,661	(7,775,472)	(8,270,280)	(3,127,371)	(1,153,625)
- Per share basic	(0.47)	(0.01)	(0.01)	-	(0.09)	(0.09)	(0.04)	(0.01)
- Per share diluted	(0.47)	(0.01)	(0.01)	-	(0.09)	(0.09)	(0.04)	(0.01)
Capital expenditures								
- Exploration and development	9,179,368	5,872,876	493,819	1,931,988	12,782,541	1,696,828	361,856	480,220
- Acquisitions and (dispositions) (1)	(220,000)	-	-	-	-	-	-	-
Net debt and working capital surplus (deficit)	(30,332,110)	(21,840,956)	(17,116,598)	(18,495,587)	(19,635,864)	(9,189,958)	(8,058,946)	(9,307,723)
Total assets	110,227,014	138,687,831	134,272,969	135,417,520	135,247,379	133,374,916	141,694,415	147,121,183
Operating								
Production								
- Crude oil and natural gas liquids (Bbls per day)	628	537	646	734	718	567	578	612
- Natural gas (Mcf per day)	1,446	1,360	1,307	1,285	1,482	1,677	1,729	1,806
- Total daily production (Boe per day)	869	764	864	948	965	847	866	913
- Increase/(Decrease) over prior quarter	14%	(12%)	(9%)	(2%)	14%	(2%)	(5%)	33%
Average realized price								
- Crude oil and natural gas liquids ($ per Bbl)	71.00	92.22	98.15	97.12	78.26	102.23	84.63	75.54
- Natural gas ($ per Mcf)	3.75	4.03	4.55	5.82	3.46	2.37	3.44	2.95
- Barrels of oil equivalent ($ per Boe)	57.55	71.99	80.28	83.09	63.55	73.13	63.37	56.47
Netback ($ per Boe)								
- Petroleum and natural gas sales	57.55	71.99	80.28	83.09	63.55	73.13	63.37	56.47
- Royalties	9.34	10.36	10.44	7.84	12.63	11.28	10.63	9.12
- Operating expenses	29.32	29.30	29.28	24.42	29.09	43.46	20.17	21.77
- Transportation expenses	3.67	4.35	4.13	4.93	3.13	2.63	2.81	2.02
- Operating netback	15.22	27.98	36.43	45.90	18.70	15.76	29.76	23.56

(1) Includes cash consideration, share consideration and net debt and working capital assumed.

The Company's petroleum and natural gas sales have generally increased over the past eight quarters due to LGX's drilling program as well as business combinations. The Canadian dollar WTI benchmark price and corporate oil price differentials have also contributed to the fluctuations in the petroleum and natural gas sales.

Over the past eight quarters, net income has fluctuated primarily due to changes in funds flow from operations, exploration and evaluation expenses, finance costs, gains from business combinations and losses from dispositions, transaction costs incurred on business combinations, impairment losses as well as associated fluctuations in the deferred tax expense (recovery).

Capital expenditures fluctuated through this period as a result of timing of the Company's drilling program and acquisitions.

CAPITAL EXPENDITURES

The Company's capital expenditures consist of the following:

($)	Three Months Ended December 31 2014	2013	% change	Year Ended December 31 2014	2013	% change
Capital expenditures – Exploration and development						
Land acquisitions and retention	(10,493)	93,626	(111)	132,074	377,145	(65)
Geological and geophysical	-	121,928	(100)	1,216	601,670	(100)
Drilling and completions	8,203,987	11,767,339	(30)	14,601,098	12,967,489	13
Equipping and facilities	910,724	724,498	26	2,401,138	1,074,541	123
Capitalized general and administrative expenses	75,150	75,150	-	300,600	300,600	-
Other	-	-	n/a	41,925	-	n/a
Capital expenditures – Exploration and development (1)	9,179,368	12,782,541	(28)	17,478,051	15,321,445	14
Capital expenditures – Acquisitions and dispositions						
Dispositions – Cash consideration	(220,000)	-	n/a	(220,000)	-	n/a
Total capital expenditures	8,959,368	12,782,541	(30)	17,258,051	15,321,445	13

(1) Total property, plant and equipment (petroleum and natural gas assets and corporate assets) and exploration and evaluation asset additions for the period.

CAPITALIZATION AND CAPITAL RESOURCES

Share Capital

	Three Months Ended December 31 2014	2013	Year Ended December 31 2014	2013
Outstanding Common Shares				
Weighted average Common Shares outstanding (1)				
- Basic	88,658,427	88,658,427	88,658,427	88,658,427
- Diluted	88,658,427	88,658,427	88,659,427	88,659,427

	December 31 2014	December 31 2013
Outstanding Securities		
- Common Shares	88,658,427	88,658,427
- Common Share Warrants	6,000,000	6,000,000
- Common Share Options	7,140,500	3,652,000

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

Total Market Capitalization

The Company's equity market capitalization at December 31, 2014 was $17,731,685.

	As at December 31 2014	As at December 31 2013
Common Shares Outstanding	88,658,427	88,658,427
Share Price (2)	$0.20	$0.65
Total Market Capitalization	$17,731,685	$57,627,978

(2) Represents the closing price on the TSX Venture Exchange ("TSX-V") at December 31, 2014 and 2013

There is a significant difference between the Company's net assets and market capitalization as at December 31, 2014. Management believes that the market capitalization of the Company continues to be dominated by external factors such as overall market confidence, global debt concerns and global liquidity issues and does not reflect the fair value of the Company's net assets.

As at March 24, 2015, the Company had 88,658,427 common shares outstanding.

Liquidity and Capital Resources

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

At December 31, 2014, the Company had a net debt and working capital deficit of $30,332,110 (December 31, 2013 - $19,635,864). The Company continuously monitors its trade and other receivables and its allowance for doubtful accounts. As at December 31, 2014 and December 31, 2013, there have been no impairment issues and management considers trade and other receivables collectible within the next operating cycle.

At December 31, 2014, the Company had a $20,000,000 revolving demand credit facility ("Senior Commitment") and a $10,000,000 non-revolving term facility ("Junior Commitment") with ATB. The features of the term facility include a two year committed term (subject to extension upon mutual consent) available in two tranches with full payment of the principle on maturity. The revolving portion of the new facility is a borrowing base subject to annual review by ATB, with the next review scheduled no later than May 31, 2015. Security for the credit facilities is provided by $50,000,000 and $25,000,000 floating charge demand debentures, respectively for the Senior and Junior Commitment. The Company's bank indebtedness does not have a specific maturity date as it is a demand facility. This means that the lender has the ability to demand repayment of all outstanding indebtedness or a portion thereof at any time. If that were to occur, the Company would be required to source alternate credit facilities or sell assets to repay the indebtedness.

The Company is subject to certain reporting, financial and non-financial covenants to these credit facilities. The Senior Commitment requires the Company to maintain a Working Capital Ratio (defined as current assets, but adding undrawn availability under the facilities to current liabilities and excluding the impact of financial derivate commodity contracts, if any) of not less than 1:1. The Junior Commitments requires the Company to maintain (i) an Adjusted Working Capital Ratio (defined as current assets plus any undrawn availability under the Senior Commitment to current liabilities, but excluding any principal amount outstanding under the Senior Commitment) of not less than 1:1; (ii) a Debt to EBITDA ratio below 4:1 (Debt is defined as all obligations, liabilities and indebtedness on the balance sheet and EBITDA is defined as earning plus interest expense and other financing costs, depletion and depreciation and income taxes); and (iii) a present pre-income tax value of the future cash flows from the Company's proved developed producing petroleum and natural gas reserves utilizing the lender's forecasted commodity price deck then in effect and utilizing a 10% discount rate to Debt ratio of not less than 1.5:1 on specified dates.

The working capital and adjusted working capital ratio exclude any liabilities related to LGX's Alberta Bakken development drilling program for 2014 and any amounts drawn under the Junior Commitment (for the Senior Commitment calculation) and the Senior Commitment (for the Junior Commitment calculation).

The Company reduces this risk by complying with the covenants of the credit facility agreement and maintaining a minimal balance on the facilities. At December 31, 2014, the Company was in compliance with all such covenants.

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

($)	**As at December 31 2014**	**As at December 31 2013**
Capital resources		
Bank debt available	9,660,000	13,950,000
Working capital deficit (excluding Bank debt)	(9,992,110)	(8,585,864)
Total capital resources available	(332,110)	5,364,136

As discussed in above in Going Concern, the Company faces circumstances that create material uncertainty that lends significant doubt as to the ability of the Company to meet its obligations as they come due.

With cash flows impacted by oil prices at five year lows, LGX is working proactively to ensure it has the ability to meet its financial obligations under its credit facilities and satisfy the 2015 drilling commitments under its lease of lands on the Blood Reserve. At current commodity prices, the Company expects that it may approach non-compliance with the existing financial covenants under its credit facilities in the near future and will continue proactive discussions with its lender regarding the facility and the covenants. In order to address the above factors, the Company is currently evaluating measures, including but not limited to: asset sales, accessing third party capital, joint ventures and drilling commitment extension. There is no assurance that these initiatives will be successful.

After anticipated reductions and savings on operating expenses and G&A and without giving effect to any production additions from drilling in 2015, LGX expects to average 725 Boe per day of production in 2015 and generate slightly positive funds flow from operations at current strip pricing for 2015.

The management team at LGX continues to aggressively pursue opportunities that improve the upside potential, sustainability and autonomy of LGX.

ACCOUNTING POLICIES AND ESTIMATES

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS").

The audited consolidated financial statements for the year ended December 31, 2014 have been prepared using the same accounting policies and methods as those used in the audited consolidated financial statements for the year ended December 31, 2013 and are described in Note 3 of the 2014 consolidated financial statements, except for new and revised standards, effective January 1, 2014, as described below.

Accounting standards, issued up to March 24, 2015, effective for periods beginning on or after January 1, 2014, have been adopted as of December 31, 2014.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, assumptions and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Actual results may differ from such estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected. Significant estimates and judgments made by management in the preparation of consolidated financial statements are outlined below and in Note 2 of the audited consolidated financial statements for the year ended December 31, 2014:

Reserve estimates

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

Impairment indicators and discount rate

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

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

Decommissioning costs

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

Technical feasibility and commercial viability of exploration and evaluation assets

The determination of technical feasibility and commercial viability, based on the presence of proved and probable reserves and other factors, results in the transfer of assets from exploration and evaluation assets to petroleum and natural gas assets. As discussed above, the estimate of proved and probable reserves is inherently complex and requires significant judgment. Thus, any material change to reserve estimates could affect the technical feasibility and commercial viability of the underlying assets.

Income taxes

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

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

Fair value measurement

The estimated fair value of financial instruments and other assets is reliant upon a number of estimated variables including forward commodity prices, foreign exchange rates and interest rates, volatility curves and risk of non-performance. A change in any one of these factors could result in a change to the overall estimated valuation of the instrument or asset.

Measurement of share-based payments

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

Business combinations

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

Contingencies

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

New and Revised Accounting Policies Adopted

The Company adopted the following new or revised standards and interpretations, along with all consequential amendments, effective January 1, 2014. These changes are made in accordance with the applicable transitional provisions.

Levies

IFRIC 21, *Levies*, provides guidance on accounting for levies in accordance with the requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity that is imposed by a government in accordance with legislation other than income taxes or fines or penalties imposed for breaches of legislation, notes that levies do not arise from executory contracts or other contractual arrangements and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. This IFRIC is effective for annual periods commencing on or after January 1, 2014 and is to be applied retrospectively. The adoption of this interpretation had no impact on LGX's consolidated financial statements.

Financial Instruments: Presentation

Effective January 1, 2014, the Company adopted, as required, amendments to IAS 32, *Financial Instruments: Presentation*. The amendments clarify that the right to offset financial assets and liabilities must be available on the current date and cannot be contingent on a future event. The adoption of this amendment had no impact on LGX's consolidated financial statements

Future Accounting Changes Not Yet Adopted

The following standards and amendments have not been adopted as they apply to future periods. They may result in future changes to the Company's existing accounting policies and disclosures. LGX is currently evaluating the impact that these standards will have on the Company's results of operations and financial position, if any:

Financial Instruments

IFRS 9, *Financial Instruments,* was issued in July 2014 and is intended to replace IAS 39, *Financial Instruments: Recognition and Measurement,* and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39, and incorporates new hedge accounting requirements. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is in the process of assessing the impacts of adopting this new standard.

Revenue

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which replaces IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and related interpretations as the single source for accounting for revenue for all companies in all industries and replaces current guidance including industry or product specific guidance. IFRS 15 provides specific and detailed guidance in many areas where current standards have been more limited, and thus may provide for less flexibility in developing and applying accounting policies and practices. This standard is required to be adopted either retrospectively or using a modified transition approach and is effective for annual periods beginning on or after January 1, 2017, with earlier adoption permitted. The Company is in the process of assessing the impacts of adopting this new standard.

RISK ASSESSMENT

There are a number of risk facing participants in the Canadian oil and gas industry. Some of the risks are common to all businesses while others are specific to a sector. The following reviews the general and specific risks to which the Company is exposed as described in the Company's Annual Information Form ("AIF") for the year ended December 31, 2014 dated March 24, 2015, available on the Company's profile at www.sedar.com. While the management of LGX realizes that these risks cannot be eliminated, they are committed to monitoring and mitigating these risks.

Funding of 2015 Capital Expenditures

LGX has a drilling commitment under the Blood Lease for 2015 as described under the heading "Blood Lease" below. 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 the 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.

OUTSTANDING SHARE DATA

Common Shares

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

As at December 31, 2014, a total of 88,658,427 common shares were issued and outstanding. In addition, a total of 7,140,500 stock options to acquire common shares and 6,000,000 warrants to acquire common shares were outstanding.

RELATED PARTY TRANSACTIONS

On July 5, 2012, Legacy and the Company entered into a management, technical and administrative services agreement whereby the Company will be managed by Legacy's current management team and staff, in exchange for a monthly fee of $167,000 excluding GST. The management fee charged to the Company by Legacy is for the provision of management and administrative services and is intended to cover the cost of administrative expense and salary costs incurred by Legacy. Under the terms of the Services Agreement, Legacy invoiced the Company $2,104,200 during the year ended December 31, 2014 (2013 - $2,104,200) of which $nil was payable as at December 31, 2014 (December 31, 2013 - $nil). In relation to capital and operations activity, the Company has a net trade payable to Legacy of $9,590 as at December 31, 2014 (December 31, 2013 - $1,922,598).

The Company incurred fees of $429,380 for corporate and legal services rendered by law firms (2013 - $79,485), which a board member is a partner of, for the year ended December 31, 2014. At December 31, 2014, $2,543 was payable (2013 - $7,817). These fees were incurred in the normal course of business under similar terms and conditions as transactions with unrelated companies.

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

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (whether executive or otherwise) of the Company.

LGX's key management includes its executive officers, the Corporate Secretary and its directors. The executive officers are comprised of the President and Chief Executive Office, the Vice President and Chief Financial Officer and other Vice Presidents.

The remuneration of key management personnel for the years ended December 31, 2014 and 2013 are as follows:

($)	**Year Ended December 31 2014**	**Year Ended December 31 2013**
Salaries, bonuses and other benefits	-	-
Share-based payments	570,633	594,760
Total remuneration of key management	570,633	594,760

The only remuneration of directors of LGX for the year ended December 31, 2014 was in the form of share based payments of $74,851 (2013 - $87,031). The President and Chief Executive Officer of the Company is also a director of LGX and received no compensation in 2014 specifically in relation to his duties as a director of LGX.

COMMITMENTS AND CONTINGENGIES

Drilling commitments

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.

Services Agreement

Legacy and LGX entered into a management, technical and administrative services agreement whereby LGX will be managed by Legacy Oil + Gas Inc.'s current management team and staff as of July 5, 2012, in exchange for a monthly fee of $167,000. The agreement will continue until terminated by either party with 90 days' notice.

ADDITIONAL INFORMATION

Additional information regarding LGX and its business and operations can be obtained by contacting the Company at LGX Oil + Gas Inc., 4400, Eighth Avenue Place, 525 - 8th Avenue, SW, Calgary, Alberta, Canada T2P 1G1 or by e-mail at info@lgxoil.com. Additional information, including its most recently filed annual information form ("AIF") dated March 24, 2015, is also available on the Company's profile at www.sedar.com.

MANAGEMENT'S REPORT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of LGX Oil + Gas Inc. (the "Company") (formerly known as Bowood Energy Inc.) is responsible for the preparation of the consolidated financial statements. The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and include certain estimates that reflect management's best estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

Management is responsible for the integrity of the consolidated financial statements. The Company has established internal control systems which are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for financial reporting purposes.

PricewaterhouseCoopers LLP, an independent firm of chartered accountants, was appointed by a vote of shareholders at the Company's last annual meeting to audit the consolidated financial statements of the Company and to provide an independent professional opinion. PricewaterhouseCoopers LLP was appointed to hold such office until the next such annual meeting of the shareholders of the Company.

The Board of Directors, through its Audit Committee, has reviewed the financial statements including notes thereto with management and PricewaterhouseCoopers LLP. The members of the Audit Committee are composed of independent directors who are not employees of the Company. The Board of Directors has approved the information contained in the consolidated financial statements based on the recommendation of the Audit Committee.

"signed"
Trent J. Yanko, President + Chief Executive Officer

"signed"
Matthew L. Janisch, Vice President + Chief Financial Officer

March 24, 2015

AUDITOR'S REPORT

Independent Auditor's Report

To the Shareholders of LGX Oil + Gas Inc.

We have audited the accompanying consolidated financial statements of LGX Oil + Gas Inc., which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013 and the consolidated statements of comprehensive income (loss), changes in equity, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of LGX Oil + Gas Inc. as at December 31, 2014 and December 31, 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about LGX Oil + Gas Inc.'s ability to continue as a going concern.

PricewaterhouseCoopers LLP

Chartered Accountants
Calgary, Alberta, Canada
March 24, 2015

PricewaterhouseCoopers LLP
111 5th Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3
T: +1 403 509 7500, F:+1 403 781 1825, www.pwc.com/ca

LGX OIL + GAS INC.
Consolidated Statement of Comprehensive Income (Loss)

(Canadian $, except per share amounts)	**Note**	**Year Ended December 31 2014**	**Year Ended December 31 2013**
Revenue			
Petroleum and natural gas sales	*5*	23,061,710	20,974,356
Royalties	*5*	(2,965,573)	(3,586,656)
		20,096,137	17,387,700
Expenses and Other Loss			
Operating expenses		8,788,607	9,346,807
Transportation expenses		1,344,405	869,266
Exploration and evaluation expenses	*9*	1,076,725	24,706,092
Depletion and depreciation	*10*	8,082,601	7,773,193
Impairment	*12*	33,750,000	250,000
General and administrative expenses		2,346,002	2,239,947
Share-based payments	*19*	587,080	643,317
Finance costs	*6*	1,816,808	943,947
Foreign exchange loss		-	1,906
Transaction costs	*11*	-	48,034
Loss (gain) on acquisitions and dispositions	*11*	268,998	(1,209,641)
		58,061,226	45,612,868
Net Loss Before Income Tax		(37,965,089)	(28,225,168)
Income Taxes			
Deferred income tax expense (recovery)	*7*	4,956,922	(7,898,420)
Net Loss		**(42,922,011)**	**(20,326,748)**
Other Comprehensive Income (Loss)			
Items that may be reclassified to Income (Loss)			
Foreign currency translation on foreign operations		4,195	(211)
Comprehensive Income (Loss)		**(42,917,816)**	**(20,326,959)**
Earnings (Loss) per Common Share ($)			
Basic	*18*	(0.48)	(0.23)
Diluted	*18*	(0.48)	(0.23)

Going concern	*1*		

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

LGX OIL + GAS INC.
Consolidated Statement of Financial Position

As at *(Canadian $)*	Note	December 31 2014	December 31 2013
ASSETS			
Current Assets			
Cash and cash equivalents		1,132,232	177,492
Trade and other receivables	*8*	3,037,178	4,919,335
Total Current Assets		4,169,410	5,096,827
Non-current Assets			
Exploration and evaluation assets	*9*	20,074,024	36,686,008
Property, plant and equipment	*10*	85,983,580	88,507,622
Deferred taxes	*7*	-	4,956,922
Total Non-current Assets		106,057,604	130,150,552
Total Assets		**110,227,014**	**135,247,379**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Bank debt	*14*	20,340,000	11,050,000
Trade and other payables	*13*	14,161,520	13,682,691
Total Current Liabilities		34,501,520	24,732,691
Non-current Liabilities			
Decommissioning liabilities	*15*	31,757,978	24,424,226
Total Non-current Liabilities		31,757,978	24,424,226
Total Liabilities		66,259,498	49,156,917
Shareholders' Equity			
Share capital and warrants	*16*	84,725,717	84,725,717
Contributed surplus		2,053,046	1,258,176
Reserve from common-control transaction		17,203,261	17,203,261
Accumulated other comprehensive income (loss)		2,743	(1,452)
Accumulated deficit		(60,017,251)	(17,095,240)
Total Shareholders' Equity		43,967,516	86,090,462
Total Shareholders' Equity and Liabilities		**110,227,014**	**135,247,379**

Going concern	*1*		
Commitments and contingencies	*23*		

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

Approved on behalf of the Board of Directors of LGX Oil + Gas Inc.

"signed"	"signed"
Chris Bloomer, Director	Trent J. Yanko, Director

LGX OIL + GAS INC.
Consolidated Statement of Changes in Equity

(Canadian $)	Note	Share Capital and Warrants	Contributed Surplus	Reserve from common-control transaction	AOCI[1]	Retained Earnings (Accumulated Deficit)	Total Equity
Balance as at December 31, 2013		**84,725,717**	**1,258,176**	**17,203,261**	**(1,452)**	**(17,095,240)**	**86,090,462**
Net loss for the period		-	-	-	-	(42,922,011)	(42,922,011)
Share-based payments	*19*	-	794,870	-	-	-	794,870
Foreign currency translation on foreign operations		-	-	-	4,195	-	4,195
Balance as at December 31, 2014		**84,725,717**	**2,053,046**	**17,203,261**	**2,743**	**(60,017,251)**	**43,967,516**
Balance as at December 31, 2012		**84,726,460**	**376,531**	**17,203,261**	**(1,241)**	**3,231,508**	**105,536,519**
Net loss for the period		-	-	-	-	(20,326,748)	(20,326,748)
Share issue costs, net of tax	*16*	(743)	-	-	-	-	(743)
Share-based payments	*19*	-	881,645	-	-	-	881,645
Foreign currency translation on foreign operations		-	-	-	(211)	-	(211)
Balance as at December 31, 2013		**84,725,717**	**1,258,176**	**17,203,261**	**(1,452)**	**(17,095,240)**	**86,090,462**

(1) Accumulated Other Comprehensive Income (Loss)

Going concern *1*

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

LGX OIL + GAS INC.
Consolidated Statement of Cash Flows

(Canadian $)	Note	Year Ended December 31 2014	Year Ended December 31 2013
Cash flow from operating activities			
Net loss for the period		(42,922,011)	(20,326,748)
Adjusted for:			
Exploration and evaluation expenses	*9*	1,053,117	24,544,814
Depletion and depreciation	*10*	8,082,601	7,773,193
Impairment	*12*	33,750,000	250,000
Share-based payments	*19*	587,080	643,317
Accretion on decommissioning liabilities	*15*	782,000	637,649
Loss (gain) on acquisitions	*11*	268,998	(1,209,641)
Deferred income tax expense (recovery)	*7*	4,956,922	(7,898,420)
Decommissioning liabilities settled	*15*	-	(29,848)
Cash flow from operating activities before changes in non-cash working capital		6,558,707	4,384,316
Net change in non-cash working capital	*21*	(4,837,697)	1,063,483
Net cash flow from operating activities		1,721,010	5,447,799
Cash flow used in investing activities			
Total property, plant and equipment and exploration and evaluation asset additions	*21*	(17,478,051)	(15,321,445)
Disposal of PP&E and E&E	*11*	220,000	-
Net change in non-cash working capital	*21*	7,194,373	140,261
Net cash flow used in investing activities		(10,063,678)	(15,181,184)
Cash flow from financing activities			
Share issue costs		-	(990)
Increase (decrease) in bank debt		9,290,000	9,200,000
Net cash flow from financing activities		9,290,000	9,199,010
Foreign exchange gain (loss) on cash and cash equivalents held in foreign currency		7,408	1,705
Increase (Decrease) in cash and cash equivalents		954,740	(532,670)
Cash and cash equivalents, beginning of period		177,492	710,162
Cash and cash equivalents, end of period		**1,132,232**	**177,492**

Going concern	*1*
Supplemental cash flow information	*21*

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

LGX OIL + GAS INC.
Notes to Consolidated Financial Statements
December 31, 2014 and 2013 *(all tabular amounts in Canadian $, except per share amounts or as otherwise indicated)*

1. REPORTING ENTITY AND GOING CONCERN

Incorporation and Nature of Business

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

These consolidated financial statements present the financial position, results of operations and cash flows of LGX following the reverse acquisition by Legacy Oil + Gas Inc.'s Southern Alberta Assets (SA Assets) of Bowood Energy Inc. on July 5, 2012 and the subsequent renaming of the Company to LGX. LGX entered into a management, technical and administrative services agreement ("Services Agreement") with Legacy Oil + Gas Inc. (Legacy) whereby LGX is managed by Legacy's current management team and staff, in exchange for a monthly fee (Note 22).

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

The Company has the following significant subsidiaries, each owned 100%, at December 31, 2014:

Name of Subsidiary	Jurisdiction of Incorporation/Formation
6801561 Canada Inc.	Canada
Roadrunner Oil & Gas (USA) Inc.	Michigan, USA

These consolidated financial statements were approved and authorized for issue by the Company's Board of Directors on March 24, 2015 and signed on the Board's behalf by Chris Bloomer and Trent J. Yanko.

Going Concern

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

The Company reported an impairment on exploration and evaluation assets and property, plant and equipment of $33,750,000 (2013 - $250,000) (Note 12) and a net loss of $42,922,011 for the year ended December 31, 2014 (2013 - $20,326,748). For the year ended December 31, 2014, the Company reported net cash flow from operating activities of $1,721,010 (2013 - $5,447,799). At December 31, 2014, the Company had drawn $20,340,000 (2013 - $11,050,000) against its credit facilities of $30,000,000 (2013 - $25,000,000) and had other working capital deficiencies of $9,992,110 (2013 - $8,585,864). As the senior credit facility is a demand loan, it may be called at any time. The junior credit facility is term, but subject to acceleration in the event of breach of covenants. As the lending value of the credit facility is tied closely to reserves, which is directly linked to oil and natural gas forecasted benchmark prices, and current over-supply and depressed pricing is expected to continue for the immediate future, there is no assurance that the credit facility will be renewed on current terms or levels when it is next formally reviewed, no later than May 31, 2015. Should the bank not extend the loan, the Company would need to seek alternative forms of debt or equity financing, which would be difficult in the current environment, or dispose of certain assets to repay the outstanding indebtedness. Low oil prices, declining production and the Emergency Order (Note 2) may reduce the ability of the Company to generate positive cash flows from its operations and in turn may reduce the Company's ability to develop its properties.

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

These consolidated financial statements include an adjustment to derecognize the Company's deferred tax asset as there is doubt whether the Company may have sufficient future net income to realize the deferred tax asset under current market conditions.

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

With cash flows impacted by oil prices at five year lows, LGX is working proactively to ensure it has the ability to meet its financial obligations under its credit facilities and satisfy the 2015 drilling commitments under its lease of lands on the Blood Reserve (Note 23). At current commodity prices, the Company expects that it may approach non-compliance with the existing financial covenants under its credit facilities in the near future and will continue proactive discussions with its lender regarding the facility and the covenants. In order to address the above factors, the Company is currently evaluating measures, including but not limited to: asset sales, accessing third party capital, joint ventures and drilling commitment extension. There is no assurance that these initiatives will be successful.

2. BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the Internal Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These audited consolidated financial statements have been prepared using the same accounting policies and methods as those used in the audited consolidated financial statements for the year ended December 31, 2013 and are described in Note 3 below, except for new and revised standards, effective January 1, 2014, as described in Note 4 of these audited consolidated financial statements.

The preparation of financial statements in accordance with IFRS requires the use of certain significant accounting estimates and also requires management to exercise judgment in applying the Company's accounting policies. Refer below for a summary of the areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements. The accompanying consolidated financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position and cash flows.

Basis of measurement

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

Functional and presentation currency

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

Use of estimates and judgments

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

Reserve estimates

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

Impairment indicators and discount rate

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

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

Decommissioning costs

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

Technical feasibility and commercial viability of exploration and evaluation assets

The determination of technical feasibility and commercial viability, based on the presence of proved and probable reserves and other factors, results in the transfer of assets from exploration and evaluation assets to petroleum and natural gas assets. As discussed above, the estimate of proved and probable reserves is inherently complex and requires significant judgment. Thus, any material change to reserve estimates could affect the technical feasibility and commercial viability of the underlying assets.

Income taxes

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Deferred tax assets are recognized to the extent that future recovery is probable. The Company reduces the deferred tax assets to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Fair value measurement

The estimated fair value of financial instruments and other assets is reliant upon a number of estimated variables including forward commodity prices, foreign exchange rates and interest rates, volatility curves and risk of non-performance. A change in any one of these factors could result in a change to the overall estimated valuation of the instrument or asset.

Measurement of share-based payments

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

Business combinations

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

Contingencies

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

Consideration of the impact of the Emergency Order for the Protection of the Greater Sage-Grouse on the Manyberries property

In December 2013, the Company and other producers have received notice from the Federal Minister of Environment of an Emergency Order for the Protection of the Greater Sage-Grouse pursuant to *the Species at Risk Act* (Canada) ("Emergency Order") to address the imminent threats to the survival and recovery of the Greater Sage-Grouse, including protecting the habitat in southeast Alberta and southwest Saskatchewan identified in the order to help stabilize the Sage-Grouse population and begin its recovery. The Emergency Order came into effect on February 18, 2014.

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.

LGX, in conjunction with another producer in the affected 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 in the affected area, 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 and may pursue compensation for losses arising from any impact to their operations at Manyberries pursuant to the provisions of the *Species at Risk Act* (Canada). LGX and the other producer may also seek additional relief to protect their respective 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.

The ultimate impact of the Emergency Order on the Company's reserves remains uncertain. The existence of the Emergency Order may result in potential revisions to the reserves attributable to the Manyberries property in any future estimate of such reserves.

The Company has made provision for impairment losses of its Manyberries property as at December 31, 2014 in the amount of $8,350,000 (Note 12) relating to its property, plant and equipment (2013 - $nil) and based on management's best estimates, the $30.6 million carrying amount of its net assets in the Manyberries area at December 31, 2014 (December 31, 2013 - $38.8 million) is recoverable as the Company: (i) continues to operate its Manyberries property in accordance with the prohibitions of the Emergency Order; (ii) is seeking an order of the Federal Court quashing the Emergency Order; and (iii) may pursue compensation for losses arising from any impact to LGX's operations at Manyberries pursuant to the provisions of the Species at Risk Act (Canada).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

Subsidiaries

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Control is defined as when the Company has power over the investee, has exposure to variable returns from its involvement with the investee and has ability to use its power over the investee to affect its returns.

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Company recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The LGX results include 100% of the results of the entities it controls; the minority interest share, which LGX does not own, is recorded as net income attributable to non-controlling interest in the consolidated statement of comprehensive income (loss) and as non-controlling interest on the consolidated statement of financial position.

Income (loss) resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Joint arrangements

Significantly all of the Company's activities are conducted jointly with others through unincorporated jointly controlled operations and the consolidated financial statements reflect only the Company's proportionate interest in such activities. The Company has assessed the nature of its joint arrangements and determined them to be joint operations. The Company accounts for its joint operations by including its interest in assets, liabilities, revenue and expenses in the consolidated financial statements. Joint control exists for contractual arrangements governing the Company's assets whereby the Company has less than 100 per cent working interest, all of the partners have control of the arrangement collectively, and spending on the project requires unanimous consent of all parties that collectively control the arrangement and share the associated risks.

Business combinations

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

Property, Plant and Equipment

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

Capitalization

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

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

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

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

Depletion and depreciation

The costs related to area cost centres for petroleum and natural gas properties, including related pipelines and facilities, are depleted using a unit-of-production method based on the commercial proved and probable reserves allocated to its CGU.

Petroleum and natural gas assets are not depleted until production commences. The depletion calculation takes into account the estimated future development costs required to develop the proved and probable reserves.

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

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

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

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

Impairment

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

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

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

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

Exploration and Evaluation Assets

Capitalization

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

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

Amortization

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

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

Impairment

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

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

Financial Instruments

Financial assets and liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions that define the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Financial instruments are measured at fair value on initial recognition of the instrument. This initial fair value is normally the transaction price plus, in the case of financial assets not at fair value through net income, directly attributable transaction costs. Based on the initial recognition financial classified into one of the four following categories: financial assets and liabilities held-for-trading, available for sale investments, loans and receivables and other financial liabilities at amortized cost.

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

Financial assets and liabilities held-for-trading

Financial derivative contracts are classified as held-for-trading. These assets are carried on the statement of financial position at fair value with gains or losses recognized in net income in the period in which they arise. Financial assets and liabilities held-for-trading are classified as current except for the portion expected to be realized or paid beyond twelve months from the statement of financial position date, which is classified as non-current. The Company has no held-for-trading financial assets and liabilities at December 31, 2014 and 2013.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are not classified as loans and receivables and are initially recognized at fair value plus transaction costs. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized within other comprehensive income. Available-for-sale investments are classified as non-current, unless the investments mature within twelve months, or management expects to dispose of them within twelve months. The Company has no available-for-sale investments at December 31, 2014 and 2013.

Loans and receivables

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

Other financial liabilities at amortized cost

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

Financial derivative contracts

The Company may use derivative financial instruments to manage its exposure to movements in commodity prices and interest rates, which include crude oil and natural gas commodity contracts and interest rate swaps ("financial derivative contracts"). These instruments are not used for trading or speculative purposes. Financial derivative contracts are initially recognized at fair value on the date a derivative contract is entered into and are remeasured at their fair value at each subsequent reporting date. Financial derivative contracts are carried as assets when their fair value is positive and as liabilities when the fair value is negative. Transaction costs are recognized in income or loss when incurred. At December 31, 2014 and 2013, the Company has no financial derivative contracts.

Fair Value Measurement

The Company primarily applies the market approach for recurring fair value measurements. Three levels of inputs may be used to measure fair value:

- Level 1 - Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis;
- Level 2 - Fair value measurements are those derived from inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs). In these instances, internally developed methodologies are used to determine fair value.

The level in the fair value hierarchy within which the fair measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability and may affect placement within.

Cash and Cash Equivalents

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

Share Capital

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

Decommissioning Liabilities

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

Leases

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

Revenue Recognition

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

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

The Company accounts for its joint operations by including its interest in revenue and expenses in the consolidated financial statements. Revenue is measured net of discounts, customs duties and royalties. With respect to the latter, the entity is acting as a collection agent on behalf of others.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Share-based Payments

Equity-settled share-based payments

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

Finance Costs

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

Income Taxes

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

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

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

Foreign Currency Translation

Foreign operations

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

Foreign transactions

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

Earnings Per Share

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

4. CHANGES IN ACCOUNTING POLICIES

New and Revised Accounting Policies Adopted

The Company adopted the following new or revised standards and interpretations, along with all consequential amendments, effective January 1, 2014. These changes are made in accordance with the applicable transitional provisions.

Levies

IFRIC 21, *Levies*, provides guidance on accounting for levies in accordance with the requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity that is imposed by a government in accordance with legislation other than income taxes or fines or penalties imposed for breaches of legislation, notes that levies do not arise from executory contracts or other contractual arrangements and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. This IFRIC is effective for annual periods commencing on or after January 1, 2014 and is to be applied retrospectively. The adoption of this interpretation had no impact on LGX's consolidated financial statements.

Financial Instruments: Presentation

Effective January 1, 2014, the Company adopted, as required, amendments to IAS 32, *Financial Instruments: Presentation*. The amendments clarify that the right to offset financial assets and liabilities must be available on the current date and cannot be contingent on a future event. The adoption of this amendment had no impact on LGX's consolidated financial statements.

Future Accounting Changes Not Yet Adopted

Financial Instruments

IFRS 9, *Financial Instruments,* was issued in July 2014 and is intended to replace IAS 39, *Financial Instruments: Recognition and Measurement,* and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39, and incorporates new hedge accounting requirements. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is in the process of assessing the impacts of adopting this new standard.

Revenue

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which replaces IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and related interpretations as the single source for accounting for revenue for all companies in all industries and replaces current guidance including industry or product specific guidance. IFRS 15 provides specific and detailed guidance in many areas where current standards have been more limited, and thus may provide for less flexibility in developing and applying accounting policies and practices. This standard is required to be adopted either retrospectively or using a modified transition approach and is effective for annual periods beginning on or after January 1, 2017, with earlier adoption permitted. The Company is in the process of assessing the impacts of adopting this new standard.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE

($)	**Year Ended December 31 2014**	**Year Ended December 31 2013**
Petroleum and natural gas sales by product		
Crude oil and natural gas liquids	20,844,617	19,114,511
Natural gas	2,217,093	1,859,845
Total petroleum and natural gas sales	23,061,710	20,974,356
Less: Royalties	(2,965,573)	(3,586,656)
Revenue	20,096,137	17,387,700

6. FINANCE COSTS

($)	**Year Ended December 31 2014**	**Year Ended December 31 2013**
Interest expense and finance charges	1,034,808	306,298
Accretion on decommissioning liabilities *(Note 15)*	782,000	637,649
Finance costs	1,816,808	943,947

7. INCOME TAXES

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

($, except statutory income tax rate)	**Year Ended December 31 2014**	**Year Ended December 31 2013**
Net loss before income tax	(37,965,089)	(28,225,168)
Canadian statutory income tax rate	25.0%	25.0%
Expected income tax expense (recovery) at statutory rates	(9,491,272)	(7,056,292)
Add (deduct):		
Non-taxable (income) loss	-	(301,141)
Non-deductible expenditures	5,726	1,067
Non-deductible share-based payment expense	127,775	160,829
Revisions to estimated pool balances	210,612	(40,689)
Prior year Adjustments - RTO	-	(720,648)
Deferred tax allowance over net deferred asset	14,100,022	-
Other	4,059	58,454
Deferred income tax expense (recovery)	4,956,922	(7,898,420)

The Company did not pay any current income taxes in 2014 or 2013.

The Company has temporary differences in respect of its investments in its Canadian and United States subsidiaries for which no deferred income taxes have been recorded.

Deferred tax assets (liabilities) are comprised of the following:

($)	**December 31 2014**	**December 31 2013**
Property, plant and equipment and exploration and evaluation assets	(814,777)	(7,662,770)
Decommissioning liabilities	7,939,494	6,106,056
Non-capital losses	6,655,900	5,951,163
Share issue costs	319,405	562,473
Deferred tax allowance	(14,100,022)	-
Deferred tax asset (liability)	-	4,956,922

Continuity of deferred tax assets (liabilities):

($)	PP&E and E&E[(1)]	Decom-missioning Liabilities	Non-Capital Losses	Share Issue Costs	Deferred Tax Asset (Liability)
Balance as at January 1, 2013	(13,692,027)	6,267,655	3,658,186	824,440	(2,941,746)
Recognized in net income	6,029,257	(161,599)	2,292,977	(262,215)	7,898,420
Recognized directly in equity	-	-	-	248	248
Balance as at January 1, 2014	(7,662,770)	6,106,056	5,951,163	562,473	(4,956,922)
Recognized in net income	7,662,770	(6,106,056)	(5,951,163)	(562,473)	4,956,922
Balance as at December 31, 2014	-	-	-	-	-

(1) Property, plant and equipment and Exploration and evaluation assets

The Company has $130.2 million in Canadian tax pools available for use as deductions against future taxable income which includes $26.6 million in Canadian non-capital losses that expire in years 2021 through 2034. The Company has not ascribed any value to its United States tax pools ($8.1 million) or certain Canadian cumulative foreign resource pools ($3.6 million), capital loss pools ($0.6 million) and successored resource pools ($11.4 million) as significant uncertainty exists surrounding the ability to realize the value of the stated pools at the current time.

8. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

($)	December 31 2014	December 31 2013
Trade receivables and accrued revenue	2,552,726	4,760,493
Prepaid expenses and deposits	484,452	158,842
Trade and other receivables	3,037,178	4,919,335

Current trade and other receivables are non-interest bearing.

Aging of trades receivables and accrued revenue are as follows:

($)	December 31 2014	December 31 2013
Current	1,929,816	2,680,855
31 to 60 days	200,485	425,273
61 to 90 days	252,909	190,250
Over 90 days	169,516	1,464,115
Trade receivables and accrued revenue	2,552,726	4,760,493

9. EXPLORATION AND EVALUATION ASSETS (“E&E”)

($)	December 31 2014	December 31 2013
Cost and deemed cost		
Balance, beginning of period	36,686,008	64,692,773
Additions	15,307,588	13,785,285
Dispositions *(Note 11)*	(488,998)	-
Capitalized share-based payments *(Note 19)*	207,790	238,328
Change in decommissioning liabilities	165,072	172,190
Transfer to petroleum and natural gas assets *(Note 10)*	(14,601,416)	(17,658,002)
Impairment *(Note 12)*	(16,150,000)	-
Exploration and evaluation costs derecognized	(1,053,117)	(24,544,814)
Foreign currency translation	1,097	248
Balance, end of period	20,074,024	36,686,008

Direct general and administrative costs capitalized by the Company during the year ended December 31, 2014 and included in additions were $300,600 (2013 - $300,600).

For the year ended December 31, 2014, net loss includes $1,076,725 of exploration and evaluation expense (2013 - $24,706,092) consisting of $1,053,117 of land lease expiries exploration and evaluation costs derecognized (2013 - $24,544,814) and $23,608 of pre-licensing and other costs incurred prior to acquiring the legal rights to explore charged directly to net (income) loss (2013 - $161,278).

10. PROPERTY, PLANT AND EQUIPMENT ("PP&E")

($)	December 31 2014	December 31 2013
Petroleum and natural gas assets at cost	122,293,606	99,135,047
Corporate assets at cost	7,400	7,400
Property, plant and equipment at cost	122,301,006	99,142,447
Accumulated depletion, depreciation and impairment	36,317,426	10,634,825
Property, plant and equipment net carrying amount	85,983,580	88,507,622

Petroleum and Natural Gas Assets

($)	December 31 2014	December 31 2013
Cost		
Balance, beginning of period	99,135,047	81,367,270
Additions	2,170,463	1,536,160
Transfer from exploration and evaluation assets *(Note 9)*	14,601,416	17,658,002
Change in decommissioning liabilities	6,386,680	(1,426,385)
Balance, end of period	122,293,606	99,135,047
Accumulated depletion and impairment		
Balance, beginning of period	10,630,864	2,609,964
Depletion	8,081,225	7,770,900
Impairment *(Note 12)*	17,600,000	250,000
Balance, end of period	36,312,089	10,630,864
Net carrying amount	85,981,517	88,504,183

At December 31, 2014, future development costs of $53,748,000 (December 31, 2013 - $53,609,000) are included in costs subject to depletion.

Corporate Assets

($)	December 31 2014	December 31 2013
Cost		
Balance, beginning and end of period	7,400	7,400
Accumulated depreciation		
Balance, beginning of period	3,961	1,668
Depreciation	1,376	2,293
Balance, end of period	5,337	3,961
Net carrying amount	2,063	3,439

11. ACQUISITIONS

SA Assets reverse acquisition of LGX

During the year ended December 31, 2013, the Company finalized the reverse acquisition (Note 1) and recognized $1,209,641 of further reverse acquisition gain in net income as a result of final adjustments.

Dispositions

LGX disposed other non-core properties during the year ended December 31, 2014 disposing of $488,998 of Exploration and Evaluation undeveloped land, recognizing a $268,998 loss on the disposal of these net assets included in net income (loss) in exchange for $220,000 in cash consideration.

Transaction costs

For the year ended December 31, 2014, net income (loss) includes $nil of transaction costs. For the year ended December 31, 2013, net income (loss) includes $48,034 of transaction costs relating to the SA Assets reverse acquisition of LGX and the Manyberries Asset Acquisition.

12. IMPAIRMENT

($)	**Year Ended December 31 2014**	**Year Ended December 31 2013**
Impairment loss		
Exploration and evaluation assets ("E&E")	16,150,000	-
Property, plant and equipment ("PP&E") – Petroleum and natural gas assets	17,600,000	250,000
Impairment	33,750,000	250,000

2014 Assessment

At December 31, 2014, due to the decline of oil and natural gas commodity prices in the fourth quarter of 2014, impairment tests were carried out on all of the Company's cash-generating units (CGUs) resulting in a $33,750,000 impairment expense recognized in net loss.

For the purpose of impairment testing, the recoverable amounts of E&E were determined using internal estimates of the fair value of undeveloped land and seismic based on land sales and industry activity by area using comparable market transactions. The recoverable amounts of the Company's PP&E, on a CGU basis, were estimated as the fair value less costs to dispose using a discounted cash flow analysis based upon the inputs described below:

- Net present value of the before tax cash flows from oil and natural gas proved plus probable reserves estimated by the Company's independent qualified reserves evaluator;
- Forecast commodity prices (as outlined in the table below);
- Internal estimates of the fair value of infrastructure;
- Inventory of undrilled locations;
- Timing of future capital investment;
- Acquisition metrics of recent third party transactions completed on similar assets;
- 2 percent inflation rate; and
- 10 percent discount rates after tax.

In determining the future net cash flows, the Company utilized benchmark pricing forecasts from its independent qualified reserves evaluator. The following benchmark prices were used in their forecast at December 31, 2014:

Year	**West Texas Intermediate Oil (1)** US$/bbl	**Light Sweet Crude Oil (1)** $/Bbl	**AECO Natural Gas (1)** $/MMbtu	**Exchange Rate** US$/Cdn$
2015	62.50	64.71	3.31	0.850
2016	75.00	80.00	3.77	0.875
2017	80.00	85.71	4.02	0.875
2018	85.00	91.43	4.27	0.875
2019	90.00	97.14	4.53	0.875
2020	95.00	102.86	4.78	0.875
2021	98.54	106.18	5.03	0.875
2022	100.51	108.31	5.28	0.875
2023	102.52	110.47	5.53	0.875
2024	104.57	112.67	5.71	0.875
2025	106.66	114.92	5.82	0.875
Thereafter	+2.0%/Year	+2.0%/Year	+2.0%/Year	0.875

(1) The forecast benchmark commodity prices listed above are adjusted for quality differentials, heat content, transportation and marketing costs and other factors specific to the Company's operations in performing the Company's impairment tests.

Impairment tests were carried out on the carrying amount of each CGU's E&E assets as well as the carrying amount of each CGU's PP&E and comparing these to the recoverable amounts of those assets. The fair value of PP&E and E&E is designated as level 3 on the fair value hierarchy.

During the year ended December 31, 2014, impairment were recorded in the following CGUs:

- Alberta Bakken CGU, composed of primarily light oil and natural gas producing assets and undeveloped land located in southern Alberta, recognized a $16,150,000 E&E impairment and a $7,500,000 PP&E impairment. The Alberta Bakken CGU had a recoverable amount of $44.0 million at December 31, 2014.
- Manyberries, CGU, composed of primarily light oil assets located in southwest Alberta, recognized an $8,350,000 impairment of PP&E. The Manyberries CGU had a recoverable amount of $30.6 million at December 31, 2014.
- Armada CGU, composed of natural gas and light oil producing assets located in southern Alberta, recognized a $1,050,000 PP&E impairment. The Armada CGU had a recoverable amount of $5.1 million at December 31, 2014.
- Southern Alberta Minors CGU, composed of mainly light oil producing assets in southern Alberta, recognized a $700,000 impairment of PP&E. The Southern Alberta Minors CGU had a recoverable amount of $2.0 million at December 31, 2014.

The E&E and PP&E impairments noted above are recorded in net loss and may only be reversed in future periods if there is significant indication that an impairment loss recognized in prior periods no longer exist or may have decreased, but only to the extent of what the carrying amount of E&E or PP&E would have been had no impairment been recognized.

The PP&E impairment tests are sensitive to lower commodity prices, which have been under significant downward pressure recently. Further declines in forecasted oil and natural gas commodity prices could result in additional impairment losses in future periods if the recoverable amounts of CGUs are further eroded by these price decreases. A one percent increase in discount rate would result in an additional PP&E impairment loss of approximately $6.2 million and a 5% decrease in price would result in an additional PP&E impairment loss of approximately $6.4 million.

2013 Assessment

At December 31, 2013, the Emergency Order, decreased reserve engineers reserve estimates and increased operating expenses for the year ended December 31, 2013 were identified as potential impairment indicators for the Company's E&E and PP&E. As a result, impairment testing was performed resulting in a $250,000 PP&E impairment loss recorded for the year ended December 31, 2013 in net loss relating to the Company's Armada CGU. At December 31, 2013, the Armada CGU had a recoverable amount of $6.7 million.

The following benchmark prices were used in the December 31, 2013 impairment calculations:

Year	West Texas Intermediate Oil (1) US$/bbl	Light Sweet Crude Oil (1) $/Bbl	AECO Natural Gas (1) $/MMbtu	Exchange Rate US$/Cdn$
2014	97.50	92.76	4.03	0.950
2015	97.50	97.37	4.26	0.950
2016	97.50	100.00	4.50	0.950
2017	97.50	100.00	4.74	0.950
2018	97.50	100.00	4.97	0.950
2019	97.50	100.00	5.21	0.950
2020	98.54	100.77	5.33	0.950
2021	100.51	102.78	5.44	0.950
2022	102.52	104.83	5.55	0.950
2023	104.57	106.93	5.66	0.950
Thereafter	+2.0%/Year	+2.0%/Year	+2.0%/Year	0.950

(1) The forecast benchmark commodity prices listed above are adjusted for quality differentials, heat content, transportation and marketing costs and other factors specific to the Company's operations in performing the Company's impairment tests.

13. TRADE AND OTHER PAYABLES

Trade and other payables consisted of the following:

($)	**December 31 2014**	**December 31 2013**
Trade payables	10,131,452	8,375,192
Accrued liabilities	4,030,068	5,307,499
Trade and other payables	14,161,520	13,682,691

14. BANK DEBT

The following table shows the amounts drawn down on the Company's bank debt facility at December 31, 2014:

($)	December 31 2014	December 31 2013
Bank credit facility	20,340,000	11,050,000

At December 31, 2014, the Company had a $20,000,000 revolving demand credit facility ("Senior Commitment") and a $10,000,000 non-revolving term facility ("Junior Commitment") with its Canadian banker. The features of the term facility include a two year committed term (subject to extension upon mutual consent) available in two tranches with full payment of the principle on maturity. The revolving portion of the new facility is a borrowing base subject to annual review by the Company's lender, with the next review scheduled no later than May 31, 2015. Security for the credit facilities is provided by $50,000,000 and $25,000,000 floating charge demand debentures, respectively for the Senior and Junior Commitment. The Company's bank indebtedness does not have a specific maturity date as it is a demand facility. This means that the lender has the ability to demand repayment of all outstanding indebtedness or a portion thereof at any time. If that were to occur, the Company would be required to source alternate credit facilities or sell assets to repay the indebtedness.

The Company is subject to certain reporting, financial and non-financial covenants to these credit facilities. The Senior Commitment requires the Company to maintain a Working Capital Ratio (defined as current assets, but adding undrawn availability under the facilities to current liabilities and excluding the impact of financial derivate commodity contracts, if any) of not less than 1:1. The Junior Commitments requires the Company to maintain (i) an Adjusted Working Capital Ratio (defined as current assets plus any undrawn availability under the Senior Commitment to current liabilities, but excluding any principal amount outstanding under the Senior Commitment and any liabilities attributable to the development drilling program for 2014) of not less than 1:1; (ii) a Debt to EBITDA ratio below 4:1 (Debt is defined as all obligations, liabilities and indebtedness on the balance sheet and EBITDA is defined as earning plus interest expense and other financing costs, depletion and depreciation and income taxes); and (iii) a present pre-income tax value of the future cash flows from the Company's proved developed producing petroleum and natural gas reserves utilizing the lender's forecasted commodity price deck then in effect and utilizing a 10% discount rate to Debt ratio of not less than 1.5:1 on specified dates. At December 31, 2014 and December 31, 2013, the Company was in compliance with all such covenants. Refer to Note 1 for material uncertainties that lend significant doubt as to the ability of the Company to remain in compliance with such covenants.

15. DECOMMISSIONING LIABILITIES

The following table reconciles the decommissioning liabilities:

($)	December 31 2014	December 31 2013
Balance, beginning of period	24,424,226	25,070,620
Decommissioning liabilities incurred during the period	165,072	630,529
Decommissioning liabilities settled during the period	-	(29,848)
Accretion expense during period	782,000	637,649
Revisions - Change in discount rate	7,601,610	(5,271,534)
Revisions - Changes in cost and timing estimates	(1,214,930)	3,386,810
Balance, end of period	31,757,978	24,424,226

Decommissioning liabilities were estimated based on the Company's net ownership interest in all wells and facilities, the estimated costs to abandon and reclaim these wells and facilities and the estimated timing of these costs to be incurred in future periods. LGX has estimated the net present value of decommissioning liabilities to be $31,757,978 as at December 31, 2014 (2013 - $24,424,226) based on an estimated total future undiscounted liability of $61,640,705 (2013 - $58,319,748 million), a risk free rate of return of two and a quarter percent (2013 – three and quarter percent) and an inflation rate of two percent (2013 – two percent). At December 31, 2014, the Company estimates that these payments are expected to be made over the next 50 years with the majority of payments made in years 2025 to 2040.

16. SHARE CAPITAL AND WARRANTS

Authorized

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

Issued and Outstanding

	December 31 2014		December 31 2013	
($ – except share number)	**Number**	**Amount**	**Number**	**Amount**
Common (voting) shares				
Balance, beginning of period	88,658,427	80,885,717	88,658,427	80,886,460
Share issue costs, net of tax	-	-	-	(743)
Balance, end of period	88,658,427	80,885,717	88,658,427	80,885,717
Warrants				
Balance, beginning of period	6,000,000	3,840,000	6,000,000	3,840,000
Balance, end of period	6,000,000	3,840,000	6,000,000	3,840,000
Total share capital and warrants, end of period		**84,725,717**		**84,725,717**

17. CAPITAL MANAGEMENT

The Company's policy is to maintain a capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

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

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

The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the next year.

18. EARNINGS (LOSS) PER SHARE AMOUNTS

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

Earnings (loss) per share calculation:	**Year Ended December 31 2014**	**Year Ended December 31 2013**
Numerator *($)*		
Net loss for the period	(42,922,011)	(20,326,748)
Denominator *(Number)*		
Weighted average common shares outstanding – Basic	88,658,427	88,658,427
Effect of stock options and share warrants outstanding	-	-
Weighted average common shares outstanding – Diluted	88,658,427	88,658,427
Earnings (Loss) per share *($)*		
Basic	(0.48)	(0.23)
Diluted	(0.48)	(0.23)

The average market value of the Company's shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the stock options were outstanding. In calculating the weighted average number of diluted common shares outstanding for the years ended December 31, 2014 and 2013, the Company excluded all stock options and share warrants outstanding as there was a loss in the year then ended and these instruments were anti-dilutive.

19. SHARE-BASED PAYMENTS AND COMPENSATION PLANS

The following table summarizes the Company's share-based payments relating to its stock options for the years ended December 31, 2014 and 2013:

($)	**Year Ended December 31 2014**	**Year Ended December 31 2013**
Share-based payments expensed in net income (loss)	587,080	643,317
Share-based payments capitalized to:		
Exploration and evaluation assets *(Note 9)*	207,790	238,328
Total share-based payments	794,870	881,645

Stock Options

The Company has a Stock Option Plan pursuant to which the Company may grant stock options to certain directors, officers, employees and consultants of the Company. The stock option holder has the right to acquire common shares of the Company at the exercise price, established at the time of the grant, after vesting and before expiry. It is Company policy to grant stock options with a five year term and vesting at a rate of one third on each of the three anniversaries of the date of the grant.

The following table sets forth a reconciliation of Stock Option Plan activity through to December 31, 2014:

	Year Ended December 31 2014		**Year Ended December 31 2013**	
($ – except share number)	**Number**	**Weighted Average Exercise Price**	**Number**	**Weighted Average Exercise Price**
Balance, beginning of period	3,652,000	0.81	1,886,500	1.17
Granted	3,697,500	0.48	1,953,000	0.47
Forfeited	(209,000)	1.23	(187,500)	0.83
Balance, end of period	7,140,500	0.63	3,652,000	0.81
Vested and exercisable, end of period	1,714,584	0.92	632,151	1.35

During the year ended December 31, 2014, the Company granted 3,697,500 stock options (2013 – 1,953,000) at a weighted average fair value of $0.48 per stock option (2013 - $0.47) at the grant date using the Black-Scholes pricing model. The assumptions used in the calculations are:

	Year Ended December 31 2014	**Year Ended December 31 2013**
Risk-free interest rate (%)	1.5	1.2
Expected life (years)	5.0	5.0
Estimated volatility of underlying common shares (%) (1)	78	86
Expected dividend yield (%)	-	-
Estimated forfeiture rate (%)	10	10

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

The following table summarizes the Company's outstanding and exercisable stock options at December 31, 2014:

($ - except number and life in years)	**Stock Options Outstanding**			**Stock Options Exercisable**		
Range of exercise prices	**Number**	**Weighted average remaining life**	**Weighted average exercise price**	**Number**	**Weighted average remaining life**	**Weighted average exercise price**
$0.47 - $0.47	1,652,250	3.32	$0.47	550,736	3.32	$0.47
$0.48 - $0.50	3,687,500	4.55	$0.48	-	n/a	n/a
$0.51 - $0.91	205,000	3.58	$0.58	90,000	3.42	$0.62
$0.92 - $2.55	1,565,750	2.66	$1.09	1,043,848	2.66	$1.09
$2.56 - $4.00	30,000	0.11	$4.00	30,000	0.11	$4.00
Total	7,140,500	3.81	$0.63	1,714,584	2.87	$0.92

20. FINANCIAL INSTRUMENTS

The Company's financial instruments recognized on the consolidated statement of financial position consist of cash and cash equivalents, trade and other receivables (Note 8), trade and other payables (Note 13) and bank debt (Note 14).

Fair Value of Financial Instruments

As at December 31, 2014, cash and cash equivalents and trade and other receivables were classified as loans and receivables and trade and other payables and bank debt were classified as other financial liabilities.

The carrying amount of cash and cash equivalents, trade and other receivables, trade and other payables and bank debt approximate the fair value of the respective assets and liabilities due to the short-term nature of those instruments or the indexed rate of interest on the bank debt.

The Company continuously monitors its trade and other receivables and its allowance for doubtful accounts. As at December 31, 2014 and December 31, 2013, there have been no impairment issues.

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

Risks associated with Financial Instruments

Credit risk

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

At December 31, 2014 and December 31, 2013, financial assets on the consolidated statement of financial position are comprised of cash and cash equivalents and trade and other receivables and the maximum credit risk associated with these financial instruments is the total carrying value.

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

The Company's trade and other receivables are with customers and joint venture partners in the petroleum and natural gas business and are subject to normal credit risks. Concentration of credit risk is mitigated by marketing production to numerous purchasers under normal industry sale and payment terms. As is common in the petroleum and natural gas industry in western Canada, receivables relating to the sale of petroleum and natural gas are received on or about the 25th day of the following month. Of the $3,037,178 of trade and other receivables outstanding as at December 31, 2014 (December 31, 2013 – $4,919,335), $1,528,624 related to the sale of petroleum and natural gas and was received January 25, 2015 (December 31, 2013 – $2,533,521 and was received January 25, 2014). The accounts receivable balance includes $643,929 from joint venture partners relating to the recovery of their interest in operating costs and capital spent (December 31, 2013 - $2,175,493). At December 31, 2014, the largest amount owing from one partner was $189,989 (2013 - $526,760). For the properties LGX operates, the Company has the ability to not allocate production to joint venture partners who are in default of amounts owing.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures. To facilitate the funding of the capital expenditure program, the Company has a credit facility, as outlined in Note 14.

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

The Company expects to satisfy obligations under accounts payable in less than one year. The credit facility is comprised of a $20,000,000 revolving demand facility and a $10,000,000 non-revolving term facility with a Canadian financial institution. The credit facility is formally reviewed by the bank annually.

Note 1, Going Concern, identifies circumstances which create material uncertainty that lends significant doubt as to the ability of the Company to meet its obligations as they come due.

The following are the contractual maturities of financial liabilities at December 31, 2014:

($)	**< 1 Year**	**1-3 Years**	**3-5 Years**	**Thereafter**	**Total**
Bank debt	20,340,000	-	-	-	20,340,000
Accounts payable and accrued liabilities	14,161,520	-	-	-	14,161,520
	34,501,520	-	-	-	34,501,520

Market risk

Market risk is comprised of currency risk, interest rate risk and other price risks which consist primarily of fluctuations in petroleum and natural gas prices. The valuation of the financial assets and liabilities on the consolidated statement of financial position as at December 31, 2014 has not been significantly impacted by changes in currency rates. Currency rates influence petroleum and natural gas prices; however, this influence on commodity prices and the resulting impact on financial assets and liabilities cannot be accurately quantified.

Currency risk

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

Interest rate risk

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

For the year ended December 31, 2014, LGX's net income (loss) before income taxes would have fluctuated by approximately $149,215 for each 1% change in interest rates (2013 - $61,900).

Commodity price risk

The Company may be exposed to commodity price risk arising from the effect that fluctuations of future commodity prices may have on the fair value or future cash flows of financial assets and liabilities. Under current market conditions, the over-supply and depressed pricing is expected to continue for the immediate future. From time to time, LGX may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, LGX will not benefit from such increases. The use of such agreements is governed under formal policies and is subject to limits established by the Board of Directors. The Company's policy is to not use derivative financial instruments for speculative purposes. The Company has not entered into any financial derivative contracts as at December 31, 2014 or December 31, 2013.

21. SUPPLEMENTAL CASH FLOW INFORMATION

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

($)	**Year Ended December 31 2014**	**Year Ended December 31 2013**
Cash flow from (used in) operating activities		
Net change in non-cash working capital:		
Trade and other receivables	657,693	709,200
Trade and other payables	(5,495,390)	354,283
Operating activities' net change in non-cash working capital	(4,837,697)	1,063,483
Cash flow from (used in) investing activities		
Net change in non-cash working capital:		
Trade and other receivables	1,225,251	(1,326,473)
Trade and other payables	5,969,122	1,466,734
Investing activities' net change in non-cash working capital	7,194,373	140,261

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

($)	**Year Ended December 31 2014**	**Year Ended December 31 2013**
Additions to property, plant and equipment (PP&E) (1)	(2,170,463)	(1,536,160)
Additions to exploration and evaluation assets (E&E) *(Note 9)*	(15,307,588)	(13,785,285)
Total PP&E and E&E additions	(17,478,051)	(15,321,445)

(1) Includes petroleum and natural gas asset additions and corporate asset additions (Note 10)

Other cash flow information:

($)	**Year Ended December 31 2014**	**Year Ended December 31 2013**
Interest paid	(1,038,066)	(243,405)

22. RELATED PARTY TRANSACTIONS

On July 5, 2012, Legacy and the Company entered into a management, technical and administrative services agreement whereby the Company will be managed by Legacy's current management team and staff, in exchange for a monthly fee of $167,000 excluding GST. The management fee charged to the Company by Legacy is for the provision of management and administrative services and is intended to cover the cost of administrative expense and salary costs incurred by Legacy. Under the terms of the Services Agreement, Legacy invoiced the Company $2,104,200 during the year ended December 31, 2014 (2013 - $2,104,200) of which $nil was payable as at December 31, 2014 (December 31, 2013 - $nil). In relation to capital and operations activity, the Company has a net trade payable to Legacy of $9,590 as at December 31, 2014 (December 31, 2013 - $1,922,598).

The Company incurred fees of $429,380 for corporate and legal services rendered by law firms (2013 - $79,485), which a board member is a partner of, for the year ended December 31, 2014. At December 31, 2014, $2,543 was payable (2013 - $7,817). These fees were incurred in the normal course of business under similar terms and conditions as transactions with unrelated companies.

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

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (whether executive or otherwise) of the Company.

LGX's key management includes its executive officers, the Corporate Secretary and its directors. The executive officers are comprised of the President and Chief Executive Office, the Vice President and Chief Financial Officer and other Vice Presidents.

The remuneration of key management personnel for the years ended December 31, 2014 and 2013 are as follows:

($)	**Year Ended December 31 2014**	**Year Ended December 31 2013**
Salaries, bonuses and other benefits	-	-
Share-based payments	570,633	594,760
Total remuneration of key management	570,633	594,760

The only remuneration of directors of LGX for the year ended December 31, 2014 was in the form of share based payments of $74,851 (2013 - $87,031). The President and Chief Executive Officer of the Company is also a director of LGX and received no compensation in 2014 specifically in relation to his duties as a director of LGX.

23. COMMITMENTS AND CONTINGENCIES

Drilling commitments

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.

Services Agreement

Legacy and LGX entered into a management, technical and administrative services agreement whereby LGX will be managed by Legacy's current management team and staff as of July 5, 2012, in exchange for a monthly fee of $167,000 (Note 22). The agreement will continue until terminated by either party with 90 days' notice.

CORPORATE INFORMATION

OFFICERS

Trent J. Yanko
President + Chief Executive Officer

Matt Janisch
Vice President, Finance + Chief Financial Officer

Mark Franko
Vice President, Legal, General Counsel + Corporate Secretary

Curtis Labelle
Vice President, Production

Dale Mennis
Vice President, Land

Mark Oliver
Vice President, Exploration

William Wee
Vice President, Operations

Curt Ziemer
Vice President, Accounting

DIRECTORS

James Pasieka
Chairman

Chris Bloomer (1)(2)

Daryl Gilbert (1)(2)

Trent J. Yanko

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

HEAD OFFICE
LGX Oil + Gas Inc.
4400, Eighth Avenue Place
525 - 8th Avenue, SW
Calgary, AB T2P 1G1

Phone: 403.441.2300
Fax: 403.441.2017

E-mail: info@lgxoil.com
Web: www.lgxoil.com

AUDITORS
PricewaterhouseCoopers LLP
Calgary, AB

ENGINEERS
GLJ Petroleum Consultants Ltd.
Calgary, AB

BANKERS
Alberta Treasury Branches

LEGAL COUNSEL
McCarthy Tétrault LLP
Calgary, AB

REGISTRAR + TRANSFER AGENT
Computershare
530 - 8th Ave SW, Suite 600
Calgary, AB T2P 3S8
Tel: 403.267.6800

STOCK EXCHANGE LISTING
TSX Venture Exchange ("TSX-V")
Trading Symbol: OIL