LGX OIL + GAS INC.

Q3 2015

FINANCIAL + OPERATIONAL HIGHLIGHTS (1)

Unaudited (Cdn $, except per share amounts)	Three Months Ended September 30 2015	2014	% change	Nine Months Ended September 30 2015	2014	% change
Financial						
Petroleum and natural gas sales, net of royalties	2,954,229	4,331,707	(32)	8,617,098	16,241,881	(47)
Funds generated by operations (2)	599,383	1,148,432	(48)	1,367,108	6,090,852	(78)
Per share basic	0.01	0.01	-	0.02	0.07	(71)
Per share diluted (3)	0.01	0.01	-	0.02	0.07	(71)
Net income (loss)	(15,675,139)	(1,074,202)	1,359	(21,937,507)	(1,621,574)	1,253
Per share basic	(0.18)	(0.01)	1,700	(0.25)	(0.02)	1,150
Per share diluted (3)	(0.18)	(0.01)	1,700	(0.25)	(0.02)	1,150
Capital expenditures - Exploration and development (4)	(11,004)	5,872,876	(100)	1,130,388	8,298,683	(86)
Net debt and working capital deficit (2)	(30,093,977)	(21,840,956)	38	(30,093,977)	(21,840,956)	38
Operating						
Production						
Crude oil and natural gas liquids (Bbls per day)	616	537	15	564	638	(12)
Natural gas (Mcf per day)	1,099	1,360	(19)	1,215	1,318	(8)
Barrels of oil equivalent (Boe per day) (5)	799	764	5	766	858	(11)
Average realized price						
Crude oil and natural gas liquids ($ per Bbl)	50.00	92.22	(46)	53.96	94.57	(43)
Natural gas ($ per Mcf)	2.93	4.03	(27)	2.75	4.77	(42)
Barrels of oil equivalent ($ per Boe) (5)	42.58	71.99	(41)	44.10	78.81	(44)
Netback ($ per Boe) (2)(5)						
Petroleum and natural gas sales	42.58	71.99	(41)	44.10	78.81	(44)
Royalties	2.39	10.36	(77)	2.89	9.47	(69)
Operating expenses	20.09	29.30	(31)	22.71	27.51	(17)
Transportation expenses	3.44	4.35	(21)	3.23	4.49	(28)
Operating Netback ($ per Boe) (2)(5)	16.66	27.98	(40)	15.27	37.34	(59)
Undeveloped land holdings (gross acres)	89,504	116,479	(23)	89,504	116,479	(23)
(net acres)	57,332	110,672	(48)	57,332	110,672	(48)
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 nine months ended September 30, 2015.

(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 nine months ended September 30, 2015.

(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

As a result of the Company's active cost cutting measures, LGX:

- Reduced operating expenses from $29.30 per Boe in the third quarter of 2014 to $20.09 per Boe in the third quarter of 2015 (31 percent decrease)
- Reduced transportation expenses from $4.35 per Boe in the third quarter of 2014 to $3.44 per Boe in the third quarter of 2015 (21 percent decrease)
- Reduced operating and transportation expenses from $26.43 per Boe in the second quarter of 2015 to $23.53 per Boe in the third quarter of 2015 (11 percent decrease)
- Reduced general and administrative expenses from $7.48 per Boe in the third quarter of 2014 to $2.76 per Boe in the third quarter of 2015 (63 percent decrease)

In addition, LGX:

- Increased production to 799 Boe/day in the third quarter of 2015 from 764 Boe/day in the third quarter of 2014 (5 percent increase)
- Increased oil and liquids production mix to 77 percent in the third quarter of 2015 from 70 percent in the third quarter of 2014 (10 percent increase)
- Increased production to 799 Boe/day in the third quarter of 2015 from 677 Boe/day in the second quarter of 2015 (18 percent increase)

OUTLOOK

The positive results from the 6-36 Banff completion over the quarter, sustained production from recent competitor offsets and the number of Banff oil shows and tests from previously drilled wells across the area have validated the geophysical and geological model for the play. LGX estimates that up to 40 sections of LGX land offsetting the 6-36 well may be prospective for Banff oil production as well as for the established Big Valley play. The 6-36 well is currently shut-in due to suspected mechanical issues and will be worked over to be potentially brought back on production by the end of the year.

The Company 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 and Banff formations. 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 Company continues to work in accordance with the provisions of the previously announced order for the protection of the Greater Sage-Grouse (the "Emergency Order") and is continuing to work with Environment Canada to get additional clarity on the practical application of the Emergency Order.

With cash flows impacted by oil prices at six year lows, LGX is working proactively to ensure it has the ability to meet its financial obligations under its credit facilities.

EVENTS AFTER THE REPORTING PERIOD

On October 28, 2015, LGX announced that Curt Labelle, Vice President Production of the Company, effective immediately is no longer an officer of the Company.

On November 16, 2015, LGX announced entering into a new banking facility with the Alberta Treasury Branch consisting of a $30 million revolving demand credit facility. The new facility replaces the previous $20 million revolving demand credit facility and a $10 million non-revolving term credit facility. The new facility is a borrowing base facility subject to annual review by the lender, with the next review scheduled for no later than December 31, 2015. Upon review, there is no guarantee that the facilities will be maintained at their current levels.

MANAGEMENT'S DISCUSSION + ANALYSIS

The following management discussion and analysis ("MD&A"), as provided by the management of LGX Oil + Gas Inc. ("LGX" or the "Company") of the financial condition and performance of LGX for the three and nine months ended September 30, 2015, as of November 25, 2015, is to be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes for the period ended September 30, 2015 and the audited consolidated financial statements for the year ended December 31, 2014 and notes thereto. The Company prepares its financial statements in accordance with International Financial Reporting Standards and interpretations (collectively referred to as "IFRS") as issued by the International Accounting Standards Board ("IASB"). All tabular amounts are stated in Canadian dollars unless indicated otherwise.

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 September 30, 2015 and December 31, 2014, 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 September 30, 2015 in the amount of $4,300,000 relating to its property, plant and equipment and based on management's best estimates, the $19.0 million carrying amount of its net assets in the Manyberries area at September 30, 2015 (December 31, 2014 - $30.6 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).

The Company continues to work in accordance with the provisions of the Emergency Order and is continuing to work with Environment Canada to get additional clarity on the practical application of the Emergency Order.

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 September 30			Nine Months Ended September 30		
($)	**2015**	**2014**	**% change**	**2015**	**2014**	**% change**
Cash flow generated by (used) in operating activities	(401,537)	(455,169)	(12)	529,489	1,192,716	(56)
Changes in non-cash working capital	1,000,920	1,603,601	(38)	837,619	4,898,136	(83)
Funds generated by operations	599,383	1,148,432	(48)	1,367,108	6,090,852	(78)

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 September 30 2015**	**As at December 31 2014**
Total current assets	2,967,321	4,169,410
Total current liabilities	(33,061,298)	(34,501,520)
Net debt and working capital deficit	(30,093,977)	(30,332,110)

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 and Banff Formation; (ii) the successful workover and timing of bringing production on of the 6-36 well; (iii) the anticipated future capital cost reductions; (iv) 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; (v) the sufficiency of LGX's liquidity to fund operating, interest and general and administrative expenses; (vi) the collectability of receivables; (vii) the expected continuation of depressed oil pricing and the impact on LGX's credit facilities; (viii) estimated decommissioning liabilities and the timing of expenditures to satisfy decommissioning liabilities; (ix) the expected timing to satisfy accounts payable; and (x) 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. In addition, significant risks to LGX's ability to continue as a going concern exist due to the fact that there is no guarantee that LGX will be able to maintain its credit facilities at their current levels and obtain a relaxation of financial covenants from its lender. 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.

GOING CONCERN

The unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2015 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. 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.

For the nine months ended September 30, 2015, the Company reported a net loss of $21,937,507 (2014 – $2,046,472), net cash flow from operating activities of $529,489 (2014 - $1,192,716). At September 30, 2015, the Company had drawn $29,100,000 (December 31, 2014 - $20,340,000) against its credit facilities of $30,000,000 (December 31, 2014 - $30,000,000) and had other working capital deficiencies of $993,977 (December 31, 2014 - $9,992,110). As the credit facility is a demand loan, it may be called at any time.

LGX's credit facilities continue to be subject to review by the lender, with the next review scheduled for no later than December 31, 2015. LGX was not in compliance with the existing financial covenants under the credit facilities as at September 30, 2015. The lender did not demand repayment of the credit facilities or accelerate repayment thereof as a result of LGX not being in compliance with the covenants. The lender agreed to provide covenant waiver for the period ending September 30, 2015.On November 16, 2015, LGX entered into an agreement with the lender to replace the junior and senior portions of the facilities with one $30 million facility to be reviewed on or before December 31, 2015.There is no guarantee that LGX will be in compliance with the revised financial covenant in the future and the relaxation or waiver of the financial covenant by the lender are uncertain.

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 once the normal review is completed. 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 condensed interim consolidated financial statements include no recognition of the Company's deferred tax asset as there is doubt whether the Company may have sufficient future taxable 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 six year lows, LGX is working proactively to ensure it has the ability to meet its financial obligations under its credit facilities. The Company is currently evaluating all possible 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 September 30 2015	Three Months Ended September 30 2014	% change	Nine Months Ended September 30 2015	Nine Months Ended September 30 2014	% change
Daily Production						
Crude oil and natural gas liquids (Bbls per day)	616	537	15	564	638	(12)
Natural gas (Mcf per day)	1,099	1,360	(19)	1,215	1,318	(8)
Total (Boe per day)	799	764	5	766	858	(11)

For the three months ended September 30, 2015, LGX's production was 799 Boe per day compared to 764 Boe per day for the same period in the prior year. For the nine months ended September 30, 2015, LGX's production was 766 Boe per day compared to 858 Boe per day for the same period in the prior year. This decrease for both the three and nine months ended September 30, 2015 was due primarily to decreased production volumes in the Manyberries and Alberta Bakken areas 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 of 2014 and the recompletion of the 6-36 well in the late second quarter of 2015. Crude oil and natural gas liquids production for the three months ended September 30, 2015 was 616 Bbls per day compared to 537 Bbls per day for the three months ended September 30, 2014. Natural gas production was 1,099 Mcf per day for the three months ended September 30, 2015 compared to 1,360 Mcf per day for the three months ended September 30, 2014.

Realized Commodity Prices

	Three Months Ended September 30 2015	Three Months Ended September 30 2014	% change	Nine Months Ended September 30 2015	Nine Months Ended September 30 2014	% change
Daily Average Benchmark Prices						
Crude oil – WTI (US$ per Bbl)	46.44	97.21	(52)	50.98	99.60	(49)
Crude oil – WTI ($ per Bbl)	60.78	105.87	(43)	64.17	108.98	(41)
Crude oil – Canadian Light Sweet ($ per Bbl)(1)	55.08	97.72	(44)	58.96	100.83	(42)
Natural gas – AECO-C Spot ($ per Mcf)	2.93	4.03	(27)	2.79	4.76	(41)
Exchange rate – (US/CAD)	0.764	0.918	(17)	0.794	0.914	(13)
LGX's average realized prices						
Crude oil and natural gas liquids ($ per Bbl)	50.00	92.22	(46)	53.96	94.57	(43)
Natural gas ($ per Mcf)	2.93	4.03	(27)	2.75	4.77	(42)
Barrels of oil equivalent ($ per Boe)	42.58	71.99	(41)	44.09	78.81	(44)

(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 third quarter of 2015 was $50.00 per Bbl (2014 – $92.22) compared to a C$ WTI price of $60.78 per Bbl (2014 - $105.87 per Bbl). For the nine months ended September 30, 2015, LGX's realized price for its crude oil and natural gas liquids sales was $53.96 per Bbl as compared to $94.57 for the same period in the prior year. This decrease in the realized crude oil price and natural gas liquids price for both the three and nine months ended September 30, 2015 is due to the significant decrease in the WTI price compared to the prior year as crude oil prices continued to decline persisting near six year lows. LGX's oil production is light sweet crude produced in southern Alberta.

For the third quarter of 2015, the Company's realized price for its natural gas was $2.93 per Mcf (2014 – $4.03). For the nine months ended September 30, 2015, the Company's realized price for its natural gas was $2.75 per Mcf (2014 – $4.77). This decrease in the realized natural gas price can be attributed to the decrease in AECO spot price both in the three and nine months ended September 30, 2015 compared to the same period in 2014.

Revenue

($, except per Boe and percent amounts)	Three Months Ended September 30 2015	2014	% change	Nine Months Ended September 30 2015	2014	% change
Petroleum and natural gas sales by product						
Crude oil and natural gas liquids	2,833,695	4,556,247	(37)	8,308,907	16,742,258	(50)
Natural gas	296,188	503,621	(41)	912,277	1,718,097	(47)
Total petroleum and natural gas sales	3,129,883	5,059,868	(38)	9,221,184	18,460,355	(50)
$ per Boe	42.58	71.99	(41)	44.10	78.81	(44)
Royalties						
Royalties	175,654	728,161	(76)	604,086	2,218,474	(73)
$ per Boe	2.39	10.36	(77)	2.89	9.47	(69)
% of petroleum and natural gas sales	5.6	14.4	(61)	6.6	12.0	(45)
Revenue						
Petroleum and natural gas sales, net of royalties	2,954,229	4,331,707	(32)	8,617,098	16,241,881	(47)
$ per Boe	40.19	61.63	(33)	41.21	69.34	(41)

For the three months ended September 30, 2015, LGX's petroleum and natural gas sales were $3,129,883 compared to $5,059,868 for the three months ended September 30, 2014. For the nine months ended September 30, 2015, LGX's petroleum and natural gas sales were $9,221,184 compared to $18,460,355 during the same period in 2014. The decrease in both the three and nine months ended September 30, 2015 can be attributed to lower average realized price per Boe impacted by significant commodity price decreases in 2015 combined with lower production volumes related to the Manyberries and Alberta Bakken properties.

Royalties consist of royalties to provincial governments, freehold landowners and overriding royalty owners. For the three months ended September 30, 2015, total royalties were $175,654 compared to $728,161 for the three months ended September 30, 2014. 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 September 30, 2015 was 5.6 percent compared to 14.4 percent for the same period and is primarily due to the decrease in commodity prices. Royalties are calculated based on commodity revenue, net of associated transportation costs, well productivity and before any commodity hedging gains or losses.

For the nine months ended September 30, 2015, total royalties were $604,086 as compared to $2,218,474 during 2014. The Company's average royalty rate for the nine months ended September 30, 2015 was 6.6 percent compared to 12.0 percent in 2014. The decrease in total royalties and royalty rate are due to the decrease in petroleum and natural gas sales discussed above due to the decrease in commodity prices throughout 2015.

Operating and Transportation Expenses

($, except per Boe amounts)	Three Months Ended September 30 2015	2014	% change	Nine Months Ended September 30 2015	2014	% change
Operating expenses	1,477,118	2,059,160	(28)	4,749,561	6,444,609	(26)
$ per Boe	20.09	29.30	(31)	22.71	27.51	(17)
Transportation expenses	252,721	305,786	(17)	675,954	1,051,084	(36)
$ per Boe	3.44	4.35	(21)	3.23	4.49	(28)
Total operating costs	1,729,839	2,364,946	(27)	5,425,515	7,495,693	(28)
$ per Boe	23.53	33.65	(30)	25.94	32.00	(19)

Total operating costs during the third quarter of 2015 were $1,729,839, compared to $2,364,946 in the same period in the prior year. The decrease in total operating costs is attributable to decreased production volumes in the third quarter of 2015. On a per Boe basis, operating expenses for the three months ended September 30, 2015 were $20.09 (2014 - $29.30). On a per Boe basis, transportation expenses for the three months ended September 30, 2015 were $3.44 (2014 - $4.35). The decrease in operating expenses per Boe is due to decreased production volumes in the current quarter in the Company's areas with higher operating costs, significantly lower workover activity as well as cost reductions due to the current economic environment. The decrease in transportation expenses per Boe is due to decreased production volumes in the current quarter in the Company's areas with higher operating costs and lower trucking rates in the third quarter of 2015 compared to the same period in the prior year. Total operating costs (including operating and transportation expenses) on a per Boe basis were $23.53 (2014 – $33.65).

Total operating costs during the nine months ended September 30, 2015 were $5,425,515, compared to $7,495,693 during 2014. The decrease in total operating costs is attributable to the decrease in production volumes as discussed above. On a per Boe basis, operating expenses for the nine months ended September 30, 2015 were $22.71 (2014 – $27.51). On a per Boe basis, transportation expenses for the nine months ended September 30, 2015 were $3.23 (2014 - $4.49). Total operating costs (including operating and transportation expenses) on a per Boe basis were $25.94 (2014 - $32.00).

Exploration and Evaluation Expenses

	Three Months Ended September 30			**Nine Months Ended September 30**		
($)	**2015**	**2014**	**% change**	**2015**	**2014**	**% change**
Exploration and evaluation expenses	6,721,748	320,993	1,994	9,883,565	1,061,324	831

During the three months ended September 30, 2015, the Company recorded $6,721,748 of exploration and evaluation expenses compared to $320,993 in the same period in the prior year. During the nine months ended September 30, 2015 the Company recorded $9,883,565 of exploration and evaluation expenses compared to $1,061,324 in the same period in the prior year. The exploration and evaluation expenses in 2015 are mainly attributable to expiration of land leases in the Alberta Bakken, Strathmore and Long Coulee areas.

Depletion and Depreciation

	Three Months Ended September 30			**Nine Months Ended September 30**		
($, except per Boe amounts)	**2015**	**2014**	**% change**	**2015**	**2014**	**% change**
Depletion and depreciation	1,677,514	1,826,236	(8)	4,852,446	6,089,995	(20)
$ per Boe	22.82	25.98	(12)	23.20	26.00	(12)

For the three months ended September 30, 2015, depletion and depreciation expense was $1,677,514 (2014 - $1,826,236). The decrease in the current period is due primarily to lower depletion and depreciation rates per Boe offset by higher production volumes. On a per Boe basis, depletion and depreciation for the third quarter of 2015 was $22.82 (2014 – $25.98). This decrease, on a per Boe basis, is due to the effect of an increase in reserves from the 2014 year end reserve report for the Company as a whole and impairment of the Alberta Bakken, Armada and Manyberries properties recognized at December 31, 2014 resulting in lower depletion rates for these cash-generating units in 2015.

For the nine months ended September 30, 2015, depletion and depreciation expense was $4,852,446 (2014 - $6,089,995). This decrease is due to the effect of decreased production volumes as well as lower depletion rates per Boe. On a per Boe basis, depletion and depreciation for the nine months ended September 30, 2015 was $23.20 (2014 - $26.00). This decrease is due to the effect of the 2014 year end reserve report as discussed above.

Impairment

	Three Months Ended September 30			**Nine Months Ended September 30**		
($)	**2015**	**2014**	**% change**	**2015**	**2014**	**% change**
Impairment	7,800,000	-	100	7,800,000	-	100

For the three month and nine month periods ended September 30, 2015, the Company recognized a $7,800,000 impairment loss (2014 - $nil).

At September 30, 2015, due to the continued decline of oil and natural gas commodity prices in 2015 as well as forecasted price decks, impairment tests were carried out on the carrying amount of property, plant and equipment ("PP&E") of each of the Company's cash-generating units (CGUs) resulting in a $7,800,000 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 $2,900,000 PP&E impairment. The Alberta Bakken CGU had a recoverable amount of $29.7 million at September 30, 2015 (December 31, 2014 - $44.0 million).
- Manyberries, CGU, composed of primarily light oil assets located in southwest Alberta, recognized a $4,300,000 impairment of PP&E. The Manyberries CGU had a recoverable amount of $19.0 million at September 30, 2015 (December 31, 2014 - $30.6 million).

- Armada CGU, composed of natural gas and light oil producing assets located in southern Alberta, recognized a $600,000 PP&E impairment. The Armada CGU had a recoverable amount of $4.2 million at September 30, 2015 (December 31, 2014 - $5.1 million).

The 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 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. A one percent increase in discount rate would result in an additional PP&E impairment loss of approximately $3.6 million and a 5% decrease in price would result in an additional PP&E impairment loss of approximately $3.3 million.

General and Administrative Expenses

	Three Months Ended September 30			**Nine Months Ended September 30**		
($, except per Boe amounts)	**2015**	**2014**	**% change**	**2015**	**2014**	**% change**
General and administrative expenses	203,580	732,996	(72)	652,905	2,341,434	(72)
Recoveries	(565)	(132,205)	(100)	(31,809)	(190,144)	(83)
Capitalized general and administrative expenses	-	(75,150)	(100)	-	(225,450)	(100)
Total net general and administrative expenses	203,015	525,641	(61)	621,096	1,925,840	(68)
$ per Boe	2.76	7.48	(63)	2.97	8.22	(64)

During the third quarter of 2015, net general and administrative expenses ("G&A") decreased 61 percent to $203,015 compared to $525,641 in the same period in 2014. On a per Boe basis, the G&A expense was $2.76 per Boe for the three months ended September 30, 2015 (2014 - $7.48). This decrease on a net and per Boe basis is attributable to the reduction of the monthly Services Agreement fee charged by Legacy Oil + Gas Inc. ("Legacy") in the first quarter of 2015 to $200,000 per annum (2014 - $2,004,000 per annum) as well as not capitalizing any general and administrative expenses in the quarter. Net G&A for the quarter was comprised of $203,580 (2014 - $732,996) in general and administrative expenses less $565 (2014 - $132,205) in recoveries and $nil (2014 - $75,150) in capitalized G&A.

For the nine months ended September 30, 2015, net general and administrative expenses ("G&A") decreased 64 percent to $621,096 compared to $1,925,840 in the same period in 2014. On a per Boe basis, the G&A expense was $2.97 per Boe for the nine months ended September 30, 2015 compared to $8.22 per Boe for the same period in the prior year. Net G&A for the nine months ended September 30, 2015 was comprised of $652,905 (2014 - $2,341,434) in general and administrative expenses less $31,809 (2014 - $190,144) in recoveries and $nil (2014 - $225,450) in capitalized G&A. As noted above, G&A expenses decreased for the year-to-date ended September 30, 2015 compared to the same period in the prior year due to the reduction of the monthly Services Agreement fee as discussed above.

Share-based Payments

	Three Months Ended September 30			**Nine Months Ended September 30**		
($)	**2015**	**2014**	**% change**	**2015**	**2014**	**% change**
Share-based payments expense (recovery)	(80,565)	179,787	(145)	265,910	407,773	(35)

For the three months ended September 30, 2015, the Company had an $80,565 recovery in share-based payments related to stock options compared to $179,787 expense for the same period in the prior year. The recovery is mainly due to the forfeiture of stock options upon employee terminations in the current period. For the nine months ended September 30, 2015, the Company expensed $265,910 in share-based payments related to stock options compared to $407,773 for the same period in 2014. This decrease for nine months ended September 30, 2015 is primarily due to the stock option forfeitures in the third quarter of 2015 as discussed above.

Finance Costs

	Three Months Ended September 30			Nine Months Ended September 30		
($)	**2015**	**2014**	**% change**	**2015**	**2014**	**% change**
Interest expense and finance charges	399,125	292,688	36	1,180,512	721,289	64
Accretion on decommissioning liabilities	178,692	193,042	(7)	525,561	586,439	(10)
Total finance costs	577,817	485,730	19	1,706,073	1,307,728	30

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

During the third quarter of 2015, interest and finance charges increased to $399,125 compared to $292,688 for the same period in 2014. This increase was due to an increase in the average debt balance in the third quarter of 2015 compared to the third quarter of 2014 as well as the Company entering into a new bank facility late in the third quarter of 2014 which carried higher rates compared to the facility in place in the same period in the prior year. During the third quarter of 2015, accretion on decommissioning liabilities was $178,692 (2014 - $193,042). This decrease relates to the effect of a lower risk free rate of return during the third quarter of 2015 compared to the same period in the prior year.

During the nine months ended September 30, 2015, interest and finance charges increased to $1,180,512 compared to $721,289 for the same period in 2014. This increase is due to the higher average debt and higher average rates as discussed above. During the nine months ended September 30, 2015, accretion on decommissioning liabilities was $525,561 compared to $586,439 for the same period in the prior year. This decrease relates to the effect of a lower risk free rate of return for the nine months ended September 30, 2015 as discussed above.

Income Taxes

	Three Months Ended September 30			Nine Months Ended September 30		
($)	**2015**	**2014**	**% change**	**2015**	**2014**	**% change**
Deferred income tax recovery	-	(297,424)	(100)	-	(424,898)	(100)

At September 30, 2015 and December 31, 2014, no recognition has been made for the Company's deferred tax asset as there is doubt whether the Company may have sufficient future taxable income to realize the unrecognized deferred tax asset under current market conditions resulting in $nil deferred income tax expense for both the three and nine months ended September 30, 2015.

A deferred income tax recovery of $297,424 was recorded for the three months ended September 30, 2014, resulting in an effective deferred income tax recovery rate of 22 percent of the net loss before tax. The effective deferred income tax rate differs from the applicable Canadian statutory tax rate of 25 percent mainly due to non-deductible share based payments.

A deferred income tax recovery of $424,898 was recorded for the nine months ended September 30, 2014, resulting in an effective deferred income tax recovery rate of 21 percent of the net loss before tax.

Net Income (Loss) and Funds Generated by Operations

	Three Months Ended September 30			Nine Months Ended September 30		
($, except per Boe amounts)	**2015**	**2014**	**% change**	**2015**	**2014**	**% change**
Net income (loss)	(15,675,139)	(1,074,202)	1,359	(21,937,507)	(1,621,574)	1,253
Per share basic	(0.18)	(0.01)	1,700	(0.25)	(0.02)	1,150
Per share diluted	(0.18)	(0.01)	1,700	(0.25)	(0.02)	1,150
Funds generated by operations	599,383	1,148,432	(48)	1,367,108	6,090,852	(78)
Per share basic	0.01	0.01	-	0.02	0.07	(71)
Per share diluted	0.01	0.01	-	0.02	0.07	(71)
$ per Boe	8.15	16.34	(50)	6.54	26.00	(75)

For the three months ended September 30, 2015, a net loss of $15,675,139 was recognized compared to a net loss of $1,074,202 during the same period in 2014 due primarily to an impairment loss, the expiration of land leases included in exploration and evaluation expenses and the decline in operating netbacks resulting from the significant decline in commodity prices combined with an increase in finance costs in 2015 offset by lower depletion and depreciation and G&A in the third quarter of 2015 compared to the same period in the prior year. Basic and diluted net loss per share for the third quarter of 2015 was $0.18, compared to $0.01

for 2014. Funds generated by operations decreased 48 percent to $599,383 for the third quarter of 2015, compared to $1,148,432 during the same period in 2014, due primarily to the decline in operating netbacks resulting from the significant decline in in commodity prices combined with higher finance costs and offset by lower G&A in the current period. Basic and diluted funds generated by operations per share for the quarter ended September 30, 2015 were $0.01, compared to $0.01 in the same period in the prior year.

For the nine months ended September 30, 2015, a net loss of $21,937,507 was recognized compared to a net loss of $1,621,574 during the same period in 2014 due primarily to an impairment loss, the expiration of land leases included in exploration and evaluation expenses and the decline in operating netbacks resulting from the significant decline in commodity prices combined with a decrease in production volumes and an increase in finance costs in 2015 offset by lower depletion and depreciation and G&A in the first nine months of 2015 compared to the same period in the prior year. Basic and diluted net loss per share for the nine months ended September 30, 2015 was $0.25, compared to $0.02 for the first nine months of 2014. Funds generated by operations decreased 78 percent to $1,367,108 for the nine months ended September 30, 2015, compared to $6,090,852 during the same period in 2014, due primarily to the decline in operating netbacks resulting from the significant decline in in commodity prices combined with a decrease in production volumes and higher finance costs offset by lower G&A. Basic and diluted funds generated by operations per share for the nine months ended September 30, 2015 were $0.02, compared to $0.07 in the prior year.

The following table summarizes the operating netbacks and funds generated by operations on a per Boe basis for the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended September 30			**Nine Months Ended September 30**		
($ per Boe)	**2015**	**2014**	**% change**	**2015**	**2014**	**% change**
Petroleum and natural gas sales	42.58	71.99	(41)	44.10	78.81	(44)
Royalties	(2.39)	(10.36)	(77)	(2.89)	(9.47)	(69)
Revenue	40.19	61.63	(33)	41.21	69.34	(41)
Operating expenses	(20.09)	(29.30)	(31)	(22.71)	(27.51)	(17)
Transportation expenses	(3.44)	(4.35)	(21)	(3.23)	(4.49)	(28)
Operating netback	16.66	27.98	(40)	15.27	37.34	(59)
Exploration and evaluation expenses (cash portion)	(0.31)	-	n/a	(0.11)	(0.04)	175
General and administrative expenses	(2.76)	(7.48)	(63)	(2.97)	(8.22)	(64)
Finance costs - Interest expense and finance charges (cash portion)	(5.44)	(4.16)	31	(5.65)	(3.08)	83
Funds generated by operations	8.15	16.34	(50)	6.54	26.00	(75)

SUMMARY OF QUARTERLY RESULTS

The table below contains third quarter 2015 results of LGX as well as comparisons to the previous seven quarterly results for the Company:

	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4
Financial								
($, except per share amounts)								
Petroleum and natural gas sales	3,129,883	3,070,026	3,021,275	4,601,355	5,059,868	6,311,665	7,088,822	5,641,778
Petroleum and natural gas sales, net of royalties	2,954,229	2,888,312	2,774,557	3,854,256	4,331,707	5,490,455	6,419,719	4,520,788
Funds generated by (used in) operations	599,383	649,917	117,808	467,855	1,148,432	1,874,662	3,067,758	1,125,835
- Per share basic	0.01	0.01	-	0.01	0.01	0.02	0.03	0.01
- Per share diluted	0.01	0.01	-	0.01	0.01	0.02	0.03	0.01
Net Income (Loss)	(15,675,139)	(3,816,602)	(2,445,766)	(41,300,437)	(1,074,202)	(727,033)	179,661	(7,775,472)
- Per share basic	(0.18)	(0.04)	(0.03)	(0.47)	(0.01)	(0.01)	-	(0.09)
- Per share diluted	(0.18)	(0.04)	(0.03)	(0.47)	(0.01)	(0.01)	-	(0.09)
Capital expenditures								
- Exploration and development	(11,004)	490,035	651,357	9,179,368	5,872,876	493,819	1,931,988	12,782,541
- Acquisitions and dispositions (1)	-	-	-	(220,000)	-	-	-	-
Net debt and working capital surplus (deficit)	(30,093,977)	(30,704,321)	(30,864,791)	(30,332,110)	(21,840,956)	(17,116,598)	(18,495,587)	(19,635,864)
Total assets	87,682,795	103,529,409	109,099,528	110,227,014	138,687,831	134,272,969	135,417,520	135,247,379
Operating								
Production								
- Crude oil and natural gas liquids (Bbls per day)	616	465	609	628	537	646	734	718
- Natural gas (Mcf per day)	1,099	1,270	1,278	1,446	1,360	1,307	1,285	1,482
- Total daily production (Boe per day)	799	677	822	869	764	864	948	965
- Increase/(Decrease) over prior quarter	18%	(18%)	(5%)	14%	(12%)	(9%)	(2%)	14%
Average realized price								
- Crude oil and natural gas liquids ($ per Bbl)	50.00	64.91	49.78	71.00	92.22	98.15	97.12	78.26
- Natural gas ($ per Mcf)	2.93	2.80	2.55	3.75	4.03	4.55	5.82	3.46
- Barrels of oil equivalent ($ per Boe)	42.58	49.83	40.84	57.55	71.99	80.28	83.09	63.55
Netback ($ per Boe)								
- Petroleum and natural gas sales	4.58	49.83	40.84	57.55	71.99	80.28	83.09	63.55
- Royalties	2.39	2.95	3.33	9.34	10.36	10.44	7.84	12.63
- Operating expenses	20.09	23.22	24.90	29.32	29.30	29.28	24.42	29.09
- Transportation expenses	3.44	3.21	3.04	3.67	4.35	4.13	4.93	3.13
- Operating netback	16.66	20.45	9.57	15.22	27.98	36.43	45.90	18.70

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

The Company's petroleum and natural gas sales have fluctuated over the past eight quarters due to the volatility in commodity prices, LGX's drilling program and the impact of weather conditions. 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 and dispositions.

CAPITAL EXPENDITURES

The Company's capital expenditures consist of the following:

($)	Three Months Ended September 30 2015	2014	% change	Nine Months Ended September 30 2015	2014	% change
Capital expenditures – Exploration and development						
Land acquisitions and retention	(11,330)	56,678	(120)	164,293	142,567	15
Geological and geophysical	-	-	n/a	-	1,216	(100)
Drilling and completions	23,522	5,119,008	(99)	511,010	6,397,111	(92)
Equipping and facilities	(23,196)	622,040	(104)	455,085	1,490,414	(69)
Capitalized general and administrative expenses	-	75,150	(100)	-	225,450	(100)
Other	-	-	n/a	-	41,925	(100)
Capital expenditures – Exploration and development [1]	(11,004)	5,872,876	(100)	1,130,388	8,298,683	(86)
Capital expenditures – Acquisitions and dispositions						
Capital expenditures – Acquisitions and dispositions	-	-	n/a	-	-	n/a
Total capital expenditures	(11,004)	5,872,876	(100)	1,130,388	8,298,683	(86)

(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 September 30 2015	2014	Nine Months Ended September 30 2015	2014
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	88,658,427	88,658,427

	As at September 30 2015	As at December 31 2014
Outstanding Securities		
- Common Shares	88,658,427	88,658,427
- Common Share Warrants	-	6,000,000
- Common Share Options	4,357,500	7,140,500

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

Total Market Capitalization

The Company's equity market capitalization at September 30, 2015 was $4,876,213.

	As at September 30 2015	As at December 31 2014
Common Shares Outstanding	88,658,427	88,658,427
Share Price [2]	$0.055	$0.20
Total Market Capitalization	$4,876,213	$17,731,685

(2) Represents the closing price on the TSX Venture Exchange ("TSX-V") at September 30, 2015 and December 31, 2014

At September 30, 2015, there remains a significant difference between the Company's net assets and market capitalization. Management believes that the market capitalization of the Company continues to be dominated by external factors such as overall market confidence, current commodity price environment and debt concerns.

As at November 25, 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 September 30, 2015, the Company had a net debt and working capital deficit of $30,093,977 (December 31, 2014 - $30,332,110). The Company continues to monitor its trade and other receivables and its allowance for doubtful accounts. As at September 30, 2015 and December 31, 2014, there have been no impairment issues of the Company's trade and other receivables and management considers these collectible within the next operating cycle.

At September 30, 2015, 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 Junior Commitment 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 Senior Commitment is a borrowing base facility subject to annual review by ATB. 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 Senior Commitment 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 derivative 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 earnings 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.

LGX was not in compliance with the existing financial covenants under the credit facilities as at September 30, 2015. The lender did not demand repayment of the credit facilities or accelerate repayment thereof as a result of LGX not being in compliance with the covenants. The lender agreed to provide covenant waiver for the period ending September 30, 2015.

On November 16, 2015, LGX announced entering into a new banking facility with its lender consisting of a $30 million revolving demand credit facility. The new facility replaces the previous $20 million revolving demand credit facility and a $10 million non-revolving term credit facility. The new facility is a borrowing base facility subject to annual review by the lender, with the next review scheduled for no later than December 31, 2015. There is no guarantee that LGX will be in compliance with the revised financial covenant in the future and the relaxation or waiver of the financial covenant by the lender are uncertain.

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

($)	**As at September 30 2015**	**As at December 31 2014**
Capital resources		
Bank debt available	900,000	9,660,000
Working capital deficit (excluding Bank debt)	(993,977)	(9,992,110)
Total capital resources available	(93,977)	(332,110)

As discussed 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 six year lows, LGX is working proactively to ensure it has the ability to meet its financial obligations under its credit facilities. The Company is currently evaluating all possible 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.

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 unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2015 have been prepared using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the year ended December 31, 2014. Income taxes on income (loss) for the interim periods are accrued using the income tax rate that would be applicable to the expected total annual income (loss). Note 3 of the September 30, 2015 financial statements include a summary of further accounting changes that may affect the Company in future accounting periods.

A summary of the significant accounting policies used by LGX can be found in Note 3 of the December 31, 2014 audited consolidated financial statements. Note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2014 discloses a summary of the areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements.

RISK ASSESSMENT

There are a number of risks facing participants in the Canadian oil and gas industry. Some of the risks are common to all businesses while others are specific to a sector. The general and specific risks to which the Company is exposed have been described in the Company's MD&A for the year ended December 31, 2014. In addition, LGX is also subject to other risks and uncertainties which are described in the Company's Annual Information Form dated March 24, 2015.

OUTSTANDING SHARE DATA

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

As at September 30, 2015, a total of 88,658,427 common shares were issued and outstanding. In addition, a total of 4,357,500 stock options to acquire common shares were outstanding.

RELATED PARTY TRANSACTIONS

LGX and Legacy Oil + Gas Inc. ("Legacy") entered into a management, technical and administrative services agreement ("Services Agreement") whereby LGX was managed by Legacy's current management team and staff as of July 5, 2012, in exchange for a monthly fee. On June 30, 2015, Crescent Point Energy Corp. ("Crescent Point") acquired all of the issued and outstanding shares of Legacy and LGX received termination notice of the Services Agreement from Crescent Point as successor to Legacy. LGX continued to be managed by Legacy's previous management team and Crescent Point's staff until September 29, 2015, the termination date of Services Agreement. Obligations under this agreement terminated on September 29, 2015 after which LGX put in place the necessary staff and contractors to manage the daily operations of the Company. For the nine months ended September 30, 2015, general and administrative expenses includes $150,001 of management fees under the terms of this agreement (2014 - $1,503,000).

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

COMMITMENTS AND CONTINGENGIES

Drilling Commitment

At December 31, 2014, pursuant to the Blood Lease, LGX had a commitment to spud two test wells on the Blood Lease on or before September 30, 2015 ("Drilling Commitment"). Each test well was to be drilled thereafter to a minimum depth of 1,000 metres or 5 metres into the Devonian, whichever occurs first. On August 15, 2015, pursuant to the previously announced agreement between LGX and Kainai Energy Limited Partnership by its general partner Kainai Energy Corp. ("Kainai"), LGX received notice from Kainai that the Blood Tribe Chief & Council and Indian Oil and Gas Canada had both agreed to amend Petroleum and Natural Gas Lease # OL-6360 (" Blood Lease") to provide for a payment, waiver, or other forbearance to be made in lieu of the obligation to commence drilling two wells on the Blood Lease on or before September 30, 2015. LGX has received confirmation that Kainai has satisfied the revised terms of the Blood Lease. Accordingly, on August 15, 2015, LGX assigned Kainai an additional 30 percent working interest in an undeveloped portion of the Blood Lease excluding thereout all production and reserves in exchange for the successful amendment to the Blood Lease.

Service Agreement

Obligations and commitment under the Services Agreement between LGX and Legacy Oil + Gas Inc. and Crescent Point Energy Corp., successor of Legacy Oil + Gas Inc., terminated on September 29, 2015 after which LGX put in place the necessary staff and contractors to manage the daily operations of the Company.

EVENTS AFTER THE REPORTING PERIOD

On November 16, 2015, LGX announced entering into a new banking facility with its lender consisting of a $30 million revolving demand credit facility. The new facility replaces the previous $20 million revolving demand credit facility and a $10 million non-revolving term credit facility. The new facility is a borrowing base facility subject to annual review by the lender, with the next review scheduled for no later than December 31, 2015.

ADDITIONAL INFORMATION

Additional information regarding LGX and its business and operations can be obtained by contacting the Company at LGX Oil + Gas Inc., 4210, 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.

LGX OIL + GAS INC.

Condensed Interim Consolidated Statement of Comprehensive Income (Loss)
(Unaudited)

(Canadian $, except per share amounts)	Note	Three Months Ended September 30 2015	Three Months Ended September 30 2014	Nine Months Ended September 30 2015	Nine Months Ended September 30 2014
Revenue					
Petroleum and natural gas sales	*4*	3,129,883	5,059,868	9,221,184	18,460,355
Royalties	*4*	(175,654)	(728,161)	(604,086)	(2,218,474)
		2,954,229	4,331,707	8,617,098	16,241,881
Expenses and Other Loss					
Operating expenses		1,477,118	2,059,160	4,749,561	6,444,609
Transportation expenses		252,721	305,786	675,954	1,051,084
Exploration and evaluation expenses	*6*	6,721,748	320,993	9,883,565	1,061,324
Depletion and depreciation	*7*	1,677,514	1,826,236	4,852,446	6,089,995
Impairment	*8*	7,800,000	-	7,800,000	-
General and administrative expenses		203,015	525,641	621,096	1,925,840
Share-based payments	*14*	(80,565)	179,787	265,910	407,773
Finance costs	*5*	577,817	485,730	1,706,073	1,307,728
		18,629,368	5,703,333	30,554,605	18,288,353
Net Loss Before Income Tax		(15,675,139)	(1,371,626)	(21,937,507)	(2,046,472)
Income Taxes					
Deferred income tax recovery		-	(297,424)	-	(424,898)
Net Loss		**(15,675,139)**	**(1,074,202)**	**(21,937,507)**	**(1,621,574)**
Other Comprehensive Income (Loss)					
Items that may be reclassified to Income (Loss)					
Foreign currency translation on foreign operations		1,770	618	4,231	3,347
Comprehensive Loss		**(15,673,369)**	**(1,073,584)**	**(21,933,276)**	**(1,618,227)**
Earnings (Loss) per Common Share ($)					
Basic	*13*	(0.18)	(0.01)	(0.25)	(0.02)
Diluted	*13*	(0.18)	(0.01)	(0.25)	(0.02)

Going concern *1*

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

LGX OIL + GAS INC.
Condensed Interim Consolidated Statement of Financial Position
(Unaudited)

As at *(Canadian $)*	Note	September 30 2015	December 31 2014
ASSETS			
Current Assets			
Cash and cash equivalents		116,824	1,132,232
Trade and other receivables		2,850,497	3,037,178
Total Current Assets		2,967,321	4,169,410
Non-current Assets			
Exploration and evaluation assets	*6*	10,291,164	20,074,024
Property, plant and equipment	*7*	74,424,310	85,983,580
Total Non-current Assets		84,715,474	106,057,604
Total Assets		**87,682,795**	**110,227,014**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Bank debt	*9*	29,100,000	20,340,000
Trade and other payables		3,961,298	14,161,520
Total Current Liabilities		33,061,298	34,501,520
Non-current Liabilities			
Decommissioning liabilities	*10*	32,321,347	31,757,978
Total Non-current Liabilities		32,321,347	31,757,978
Total Liabilities		65,382,645	66,259,498
Shareholders' Equity			
Share capital and warrants	*11*	80,885,717	84,725,717
Contributed surplus		6,158,956	2,053,046
Reserve from common-control transaction		17,203,261	17,203,261
Accumulated other comprehensive income (loss)		6,974	2,743
Accumulated deficit		(81,954,758)	(60,017,251)
Total Shareholders' Equity		22,300,150	43,967,516
Total Shareholders' Equity and Liabilities		**87,682,795**	**110,227,014**

Going Concern	*1*		
Commitments and contingencies	*18*		
Events after the reporting period	*19*		

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

LGX OIL + GAS INC.

Condensed Interim Consolidated Statement of Changes in Equity
(Unaudited)

(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, 2014		**84,725,717**	**2,053,046**	**17,203,261**	**2,743**	**(60,017,251)**	**43,967,516**
Net loss for the period		-	-	-	-	(21,937,507)	(21,937,507)
Forfeiture of warrants	*11*	(3,840,000)	3,840,000	-	-	-	-
Share-based payments	*14*	-	265,910	-	-	-	265,910
Foreign currency translation on foreign operations		-	-	-	4,231	-	4,231
Balance as at September 30, 2015		**80,885,717**	**6,158,956**	**17,203,261**	**6,974**	**(81,954,758)**	**22,300,150**
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		-	-	-	-	(1,621,574)	(1,621,574)
Share-based payments	*14*	-	554,211	-	-	-	554,211
Foreign currency translation on foreign operations		-	-	-	3,347	-	3,347
Balance as at September 30, 2014		**84,725,717**	**1,812,387**	**17,203,261**	**1,895**	**(18,716,814)**	**85,026,446**

(1) Accumulated Other Comprehensive Income (Loss)

Going concern *1*

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

LGX OIL + GAS INC.
Condensed Interim Consolidated Statement of Cash Flows
(Unaudited)

(Canadian $)	Note	Three Months Ended September 30 2015	Three Months Ended September 30 2014	Nine Months Ended September 30 2015	Nine Months Ended September 30 2014
Cash flow from (used in) operating activities					
Net loss for the period		(15,675,139)	(1,074,202)	(21,937,507)	(1,621,574)
Adjusted for:					
Exploration and evaluation expenses	*6*	6,698,881	320,993	9,860,698	1,053,117
Depletion and depreciation	*7*	1,677,514	1,826,236	4,852,446	6,089,995
Impairment	*8*	7,800,000	-	7,800,000	-
Share-based payments	*14*	(80,565)	179,787	265,910	407,773
Accretion on decommissioning liabilities	*10*	178,692	193,042	525,561	586,439
Deferred income tax recovery		-	(297,424)	-	(424,898)
Cash flow from operating activities before changes in non-cash working capital		599,383	1,148,432	1,367,108	6,090,852
Net change in non-cash working capital	*16*	(1,000,920)	(1,603,601)	(837,619)	(4,898,136)
Net cash flow from (used in) operating activities		(401,537)	(455,169)	529,489	1,192,716
Cash flow used in investing activities					
Total property, plant and equipment and exploration and evaluation asset additions	*16*	11,004	(5,872,876)	(1,130,388)	(8,298,683)
Net change in non-cash working capital	*16*	(38,166)	5,680,656	(9,185,599)	3,196,747
Net cash flow used in investing activities		(27,162)	(192,220)	(10,315,987)	(5,101,936)
Cash flow from financing activities					
Increase in bank debt		450,000	670,000	8,760,000	3,820,000
Net cash flow from financing activities		450,000	670,000	8,760,000	3,820,000
Foreign exchange gain on cash and cash equivalents held in foreign currency		6,743	1,663	11,090	6,223
Increase (Decrease) in cash and cash equivalents		28,044	24,274	(1,015,408)	(82,997)
Cash and cash equivalents, beginning of period		88,780	70,221	1,132,232	177,492
Cash and cash equivalents, end of period		**116,824**	**94,495**	**116,824**	**94,495**
Going Concern	*1*				
Supplemental cash flow information	*16*				

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

LGX OIL + GAS INC.

Notes to Condensed Interim Consolidated Financial Statements

September 30, 2015 *(all tabular amounts in Canadian $, except per share amounts or as otherwise indicated)*
(Unaudited)

1. REPORTING ENTITY

Incorporation and Nature of Business

The principal undertaking of LGX Oil + Gas Inc. and its subsidiaries ("LGX" 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.

LGX and Legacy Oil + Gas Inc. ("Legacy") entered into a management, technical and administrative services agreement ("Services Agreement") whereby LGX was managed by Legacy's current management team and staff as of July 5, 2012, in exchange for a monthly fee. On June 30, 2015, Crescent Point Energy Corp. ("Crescent Point") acquired all of the issued and outstanding shares of Legacy and LGX received termination notice of the Services Agreement from Crescent Point as successor to Legacy. LGX continued to be managed by Legacy's previous management team and Crescent Point's staff until September 29, 2015, the termination date of Services Agreement. Obligations under this agreement terminated on September 29, 2015 after which LGX put in place the necessary staff and contractors to manage the daily operations of the Company.

LGX is incorporated and domiciled in Alberta, Canada, under the Business Corporations Act (Alberta). The address of the principal place of business is 4210, 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".

These condensed interim consolidated financial statements were approved and authorized for issue by the Company's Board of Directors on November 25, 2015.

Going Concern

The condensed interim consolidated financial statements for the three and nine months ended September 30, 2015 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. 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.

For the nine months ended September 30, 2015, the Company reported a net loss of $21,937,507 (2014 – $2,046,472), net cash flow from operating activities of $529,489 (2014 - $1,192,716). At September 30, 2015, the Company had drawn $29,100,000 (December 31, 2014 - $20,340,000) against its credit facilities of $30,000,000 (December 31, 2014 - $30,000,000) and had other working capital deficiencies of $993,977 (December 31, 2014 - $9,992,110). As the credit facility is a demand loan, it may be called at any time.

LGX's credit facilities continue to be subject to review by the lender, with the next review scheduled for no later than December 31, 2015. LGX was not in compliance with the existing financial covenants under the credit facilities as at September 30, 2015. The lender did not demand repayment of the credit facilities or accelerate repayment thereof as a result of LGX not being in compliance with the covenants. The lender agreed to provide covenant waiver for the period ending September 30, 2015. On November 16, 2015, LGX entered into an agreement with the lender to replace the junior and senior portions of the facilities with one $30 million facility to be reviewed on or before December 31, 2015. There is no guarantee that LGX will be in compliance with the revised financial covenant in the future and the relaxation or waiver of the financial covenant by the lender are uncertain.

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 once the normal review is completed. 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 condensed interim consolidated financial statements include no recognition of the Company's deferred tax asset as there is doubt whether the Company may have sufficient future taxable 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 six year lows, LGX is working proactively to ensure it has the ability to meet its financial obligations under its credit facilities. The Company is currently evaluating all possible 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 unaudited condensed interim consolidated financial statements have been prepared using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the year ended December 31, 2014, except for changes in accounting policies as described in Note 3 below and for income taxes. Income taxes on income (loss) in the interim periods are accrued using the income tax rate that would be applicable to the expected total annual income (loss). The condensed interim consolidated financial statements are in compliance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed.

These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2014. The accompanying condensed interim consolidated financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

Use of estimates and judgments

The preparation of financial statements in accordance with IAS 34 requires the use of certain significant accounting estimates and also requires management to exercise judgment in applying the Company's accounting policies. Note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2014 discloses a summary of the areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

In addition, significant estimates and judgments made by management in the preparation of these condensed interim consolidated financial statements are outlined below:

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

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 September 30, 2015 and December 31, 2014, 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 September 30, 2015 in the amount of $4,300,000 (Note 8) relating to its property, plant and equipment and based on management's best estimates, the $19.0 million carrying amount of its net assets in the Manyberries area at September 30, 2015 (December 31, 2014 - $30.6 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).

Functional and presentation currency

These condensed interim 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.

3. CHANGES IN ACCOUNTING POLICIES

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, 2017, 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.

Joint Operations

Amendment to IFRS 11, *Accounting for Acquisitions of Interests in Joint Operations,* clarifies the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business. The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted. The Company has not yet determined the impact of the final standard.

4. REVENUE

	Three Months Ended September 30		Nine Months Ended September 30	
($)	**2015**	**2014**	**2015**	**2014**
Petroleum and natural gas sales by product				
Crude oil and natural gas liquids	2,833,695	4,556,247	8,308,907	16,742,258
Natural gas	296,188	503,621	912,277	1,718,097
Total petroleum and natural gas sales	3,129,883	5,059,868	9,221,184	18,460,355
Less: Royalties	(175,654)	(728,161)	(604,086)	(2,218,474)
Revenue	2,954,229	4,331,707	8,617,098	16,241,881

5. FINANCE COSTS

($)	Three Months Ended September 30 2015	Three Months Ended September 30 2014	Nine Months Ended September 30 2015	Nine Months Ended September 30 2014
Interest expense and finance charges	399,125	292,688	1,180,512	721,289
Accretion on decommissioning liabilities (*Note 9*)	178,692	193,042	525,561	586,439
Finance costs	577,817	485,730	1,706,073	1,307,728

6. EXPLORATION AND EVALUATION ASSETS

($)	September 30 2015	December 31 2014
Cost and deemed cost		
Balance, beginning of period	20,074,024	36,686,008
Additions	443,285	15,307,588
Dispositions	-	(488,998)
Capitalized share-based payments	-	207,790
Change in decommissioning liabilities	-	165,072
Transfer to petroleum and natural gas assets *(Note 7)*	(368,265)	(14,601,416)
Impairment	-	(16,150,000)
Exploration and evaluation costs derecognized	(9,860,698)	(1,053,117)
Foreign currency translation	2,818	1,097
Balance, end of period	10,291,164	20,074,024

Direct general and administrative costs capitalized by the Company during the nine months ended September 30, 2015 and included in additions were $nil (2014 - $225,450).

For the nine months ended September 30, 2015, net loss includes $9,883,565 of exploration and evaluation expense (2014 - $740,331) consisting of $9,860,698 of land lease expiries exploration and evaluation costs derecognized (2014 - $1,053,117) and $22,867 of pre-licensing and other costs incurred prior to acquiring the legal rights to explore charged directly to net (income) loss (2014 - $8,207).

7. PROPERTY, PLANT AND EQUIPMENT

($)	September 30 2015	December 31 2014
Petroleum and natural gas assets at cost	123,386,782	122,293,606
Corporate assets at cost	7,400	7,400
Property, plant and equipment at cost	123,394,182	122,301,006
Accumulated depletion, depreciation and impairment	48,969,872	36,317,426
Property, plant and equipment net carrying amount	74,424,310	85,983,580

Petroleum and Natural Gas Assets		
Cost		
Balance, beginning of period	122,293,606	99,135,047
Additions	687,103	2,170,463
Transfer from exploration and evaluation assets *(Note 6)*	368,265	14,601,416
Change in decommissioning liabilities *(Note 10)*	37,808	6,386,680
Balance, end of period	123,386,782	122,293,606
Accumulated depletion and impairment		
Balance, beginning of period	36,312,089	10,630,864
Depletion	4,850,383	8,081,225
Impairment	7,800,000	17,600,000
Balance, end of period	48,962,472	36,312,089
Net carrying amount	74,424,310	85,981,517

($)	September 30 2015	December 31 2014
Corporate Assets		
Cost		
Balance, beginning and end of period	7,400	7,400
Accumulated depreciation		
Balance, beginning of period	5,337	3,961
Depreciation	2,063	1,376
Balance, end of period	7,400	5,337
Net carrying amount	-	2,063

At September 30, 2015 and December 31, 2014, future development costs of $53,748,000 are included in costs subject to depletion.

8. IMPAIRMENT

	Three Months Ended September 30		Nine Months Ended September 30	
($)	2015	2014	2015	2014
Impairment loss				
Property, plant and equipment ("PP&E") – Petroleum and natural gas assets	7,800,000	-	7,800,000	-

At September 30, 2015, due to the continued decline of oil and natural gas commodity prices in 2015 as well as forecasted price decks, impairment tests were carried out on the carrying amount of property, plant and equipment ("PP&E") of each of the Company's cash-generating units (CGUs) resulting in a $7,800,000 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 $2,900,000 PP&E impairment. The Alberta Bakken CGU had a recoverable amount of $29.7 million at September 30, 2015 (December 31, 2014 - $44.0 million).
- Manyberries, CGU, composed of primarily light oil assets located in southwest Alberta, recognized a $4,300,000 impairment of PP&E. The Manyberries CGU had a recoverable amount of $19.0 million at September 30, 2015 (December 31, 2014 - $30.6 million).
- Armada CGU, composed of natural gas and light oil producing assets located in southern Alberta, recognized a $600,000 PP&E impairment. The Armada CGU had a recoverable amount of $4.2 million at September 30, 2015 (December 31, 2014 - $5.1 million).

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 - Management has internally updated December 31, 2014 reserves as at September 30, 2015 to reflect current commodity price decks, operating costs, future development costs and other parameters that can impact reserve volumes. The reserve evaluation process is inherently subjective and involves considerable estimate uncertainty;
- 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;
- 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 September 30, 2015:

Year	West Texas Intermediate Oil (1) US$/bbl	Light Sweet Crude Oil (1) $/Bbl	AECO Natural Gas (1) $/MMbtu	Exchange Rate US$/Cdn$
2015	45.00	56.00	2.97	0.750
2016	50.00	61.33	3.43	0.750
2017	55.00	64.52	3.62	0.775
2018	60.00	68.75	3.72	0.800
2019	65.00	72.73	3.81	0.825
2020	70.00	76.47	3.90	0.850
2021	75.00	82.35	4.10	0.850
2022	80.00	88.24	4.30	0.850
2023	85.00	94.12	4.50	0.850
2024	89.63	98.41	4.78	0.850
2025+	+2.0%/Year	+2.0%/Year	+2.0%/Year	0.850

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.

The 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 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. A one percent increase in discount rate would result in an additional PP&E impairment loss of approximately $3.6 million and a 5% decrease in price would result in an additional PP&E impairment loss of approximately $3.3 million.

9. BANK DEBT

The following table shows the amounts drawn down on the Company's bank debt facility at September 30, 2015:

($)	September 30 2015	December 31 2014
Bank credit facility	29,100,000	20,340,000

At September 30, 2015, 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 Junior Commitment 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 Senior Commitment is a borrowing base facility subject to annual review by the Company's lender. 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 Senior Commitment 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 derivative 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 earnings 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.

LGX was not in compliance with the existing financial covenants under the credit facilities as at September 30, 2015. The lender did not demand repayment of the credit facilities or accelerate repayment thereof as a result of LGX not being in compliance with the covenants. The lender agreed to provide covenant waiver for the period ending September 30, 2015.

On November 16, 2015, LGX announced entering into a new banking facility with its lender consisting of a $30 million revolving demand credit facility (Note 19). The new facility replaces the previous $20 million revolving demand credit facility and a $10 million non-revolving term credit facility. The new facility is a borrowing base facility subject to annual review by the lender, with the next review scheduled for no later than December 31, 2015. There is no guarantee that LGX will be in compliance with the revised financial covenant in the future and the relaxation or waiver of the financial covenant by the lender are uncertain.

Refer to Note 1 for material uncertainties that lend significant doubt as to the ability of the Company to meet its financial obligations under its credit facilities. The Company is currently evaluating all possible 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.

10. DECOMMISSIONING LIABILITIES

The following table reconciles the decommissioning liabilities:

($)	**September 30 2015**	**December 31 2014**
Balance, beginning of period	31,757,978	24,424,226
Decommissioning liabilities incurred during the period	-	165,072
Accretion expense during period	525,561	782,000
Revisions - Change in discount rate	37,808	7,601,610
Revisions - Changes in cost and timing estimates	-	(1,214,930)
Balance, end of period	32,321,347	31,757,978

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 $32,321,347 as at September 30, 2015 (December 31, 2014 - $31,757,978) based on an estimated total future undiscounted liability of $61,670,553 (2014 - $61,640,705 million), a risk free rate of return of two and a quarter percent (March 31, 2015 – two percent; December 31, 2014 – two and quarter percent) and an inflation rate of two percent (December 31, 2014 – two percent). At September 30, 2015, 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.

11. SHARE CAPITAL AND WARRANTS

Authorized

Unlimited number of common voting shares (“Common shares”).

Issued and Outstanding

	September 30 2015		**December 31 2014**	
($ – except share number)	**Number**	**Amount**	**Number**	**Amount**
Common (voting) shares				
Balance, beginning and 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
Forfeiture of warrants	(6,000,000)	(3,840,000)	-	-
Balance, end of period	-	-	6,000,000	3,840,000
Total share capital and warrants, end of period		**80,885,717**		**84,725,717**

12. 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.

With cash flows impacted by oil prices at six year lows, LGX is working proactively to ensure it has the ability to meet its financial obligations under its credit facilities. The Company is currently evaluating all possible 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.

The Company monitors capital by maintaining an available credit facility to enable future spending and monitors spending against capital budgets. Refer to Note 1 for material uncertainties that lend significant doubt as to the ability of the Company to meet its financial obligations under its credit facilities. The Company is currently evaluating all possible 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.

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

13. EARNINGS (LOSS) PER SHARE AMOUNTS

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

	Three Months Ended September 30		Nine Months Ended September 30	
Earnings (Loss) per share calculation:	**2015**	**2014**	**2015**	**2014**
Numerator *($)*				
Net loss for the period	(15,675,139)	(1,074,202)	(21,937,507)	(1,621,574)
Denominator *(Number)*				
Weighted average common shares outstanding – Basic	88,658,427	88,658,427	88,658,427	88,658,427
Effect of stock options and share warrants outstanding	-	-	-	-
Weighted average common shares outstanding – Diluted	88,658,427	88,658,427	88,658,427	88,658,427
Earnings (Loss) per share *($)*				
Basic	(0.18)	(0.01)	(0.25)	(0.02)
Diluted	(0.18)	(0.01)	(0.25)	(0.02)

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 three and nine months ended September 30, 2015 and 2014, the Company excluded all stock options and share warrants outstanding as there was a loss in the period then ended and these instruments were anti-dilutive.

14. SHARE-BASED PAYMENTS AND COMPENSATION PLANS

The following table summarizes the Company's share-based payments relating to its stock options for the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended September 30		Nine Months Ended September 30	
($)	**2015**	**2014**	**2015**	**2014**
Share-based payments expensed in net income (loss)	(80,565)	179,787	265,910	407,773
Share-based payments capitalized to:				
Exploration and evaluation assets	-	61,338	-	146,438
Property, plant and equipment	-	-	-	-
Total Share-based payments	(80,565)	241,125	265,910	554,211

Stock Options

The following table sets forth a reconciliation of Stock Option Plan activity through to September 30, 2015:

	Nine Months Ended September 30 2015		Year Ended December 31 2014	
($ – except share number)	**Number**	**Weighted Average Exercise Price**	**Number**	**Weighted Average Exercise Price**
Balance, beginning of period	7,140,500	0.63	3,652,000	0.81
Granted	-	-	3,697,500	0.48
Forfeited	(2,753,000)	0.62	(209,000)	1.23
Expired	(30,000)	4.00	-	-
Balance, end of period	4,357,500	0.61	7,140,500	0.63
Vested and exercisable, end of period	2,440,010	0.72	1,714,584	0.92

15. FINANCIAL INSTRUMENTS

The Company's financial instruments recognized on the condensed interim consolidated statement of financial position consist of cash and cash equivalents, trade and other receivables, trade and other payables and bank debt (Note 9).

Fair Value of Financial Instruments

As at September 30, 2015, 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 September 30, 2015 and December 31, 2014, 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 September 30, 2015 and December 31, 2014, financial assets on the condensed interim consolidated statement of financial position are comprised of cash and cash equivalents and trade and other receivables and the maximum credit risk associated with these financial instruments is the total carrying amount of these financial assets.

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 $2,850,497 of trade and other receivables outstanding as at September 30, 2015 (December 31, 2014 – $3,037,178), $1,204,353 related to the sale of petroleum and natural gas and was received by October 26, 2015 (December 31, 2014 – $1,528,624 and was received January 25, 2015). The accounts receivable balance includes $692,004 from joint venture partners relating to the recovery of their interest in operating costs and capital spent (December 31, 2014 - $643,929). At September 30, 2015, the largest amount owing from one partner was $402,985 (December 31, 2014 - $189,989). 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 9.

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

The Company expects to satisfy obligations under accounts payable in less than one year. LGX has a credit facility as outlined in Note 9.

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 September 30, 2015:

($)	**< 1 Year**	**1-3 Years**	**3-5 Years**	**Thereafter**	**Total**
Bank debt	29,100,000	-	-	-	29,100,000
Accounts payable and accrued liabilities	3,961,298	-	-	-	3,961,298
	33,061,298	-	-	-	33,061,298

Market risk

Market risk is comprised of currency risk, interest rate risk and other price risks which consist primarily of fluctuations in petroleum and natural gas prices. The valuation of the financial assets and liabilities on the condensed interim consolidated statement of financial position as at September 30, 2015 has not been significantly impacted by changes in currency rates. Currency rates influence petroleum and natural gas prices; however, this influence on commodity prices and the resulting impact on financial assets and liabilities cannot be accurately quantified.

Currency risk

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

Interest rate risk

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

For the nine months ended September 30, 2015, LGX's net income (loss) before income taxes would have fluctuated by approximately $204,353 for each 1% change in interest rates (2014 - $140,286).

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. From time to time, LGX may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, LGX will not benefit from such increases. The use of such agreements is governed under formal policies and is subject to limits established by the Board of Directors. The Company's policy is to not use derivative financial instruments for speculative purposes. The Company has not entered into any financial derivative contracts as at September 30, 2015 or December 31, 2014.

16. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three Months Ended September 30		**Nine Months Ended September 30**	
($)	**2015**	**2014**	**2015**	**2014**
Cash flow from operating activities				
Net change in non-cash working capital:				
Trade and other receivables	(276,127)	(477,834)	222,023	553,839
Trade and other payables	(724,793)	(1,125,767)	(1,059,642)	(5,451,975)
Operating activities' net change in non-cash working capital	(1,000,920)	(1,603,601)	(837,619)	(4,898,136)
Cash flow from investing activities				
Net change in non-cash working capital:				
Trade and other receivables	(38,166)	337,800	(38,460)	1,192,573
Trade and other payables	-	5,342,856	(9,147,139)	2,004,174
Investing activities' net change in non-cash working capital	(38,166)	5,680,656	(9,185,599)	3,196,747

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

	Three Months Ended September 30		**Nine Months Ended September 30**	
($)	**2015**	**2014**	**2015**	**2014**
Additions to property, plant and equipment (PP&E)(1)	17,952	(6,387)	(687,103)	(2,244,544)
Additions to exploration and evaluation assets (E&E) *(Note 6)*	(6,948)	(5,866,489)	(443,285)	(6,054,139)
Total PP&E and E&E additions	11,004	(5,872,876)	(1,130,388)	(8,298,683)

(1) Includes petroleum and natural gas asset additions and corporate asset additions (Note 7)

Other cash flow information:

	Three Months Ended September 30		**Nine Months Ended September 30**	
($)	**2015**	**2014**	**2015**	**2014**
Interest paid	(399,125)	(294,569)	(1,180,512)	(723,837)

17. RELATED PARTY TRANSACTIONS

As discussed in Note 1, pursuant to a management, technical and administrative services agreement ("Services Agreement"), LGX was managed by Legacy Oil + Gas Inc. ("Legacy")'s management team and staff as of July 5, 2012 until June 30, 2015 in exchange for a management fee and then by Legacy's previous management team and the staff of Crescent Point Energy Corp., successor of Legacy, until September 29, 2015, the termination date of the Services Agreement. For the nine months ended September 30, 2015, general and administrative expenses includes $150,001 of management fees under the terms of this agreement (2014 - $1,503,000).

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

18. COMMITMENTS AND CONTINGENCIES

Drilling Commitment

At December 31, 2014, pursuant to the Blood Lease, LGX had a commitment to spud two test wells on the Blood Lease on or before September 30, 2015 (“Drilling Commitment”). Each test well was to be drilled thereafter to a minimum depth of 1,000 metres or 5 metres into the Devonian, whichever occurs first. On August 15, 2015, pursuant to the previously announced agreement between LGX and Kainai Energy Limited Partnership by its general partner Kainai Energy Corp. (“Kainai”), LGX received notice from Kainai that the Blood Tribe Chief & Council and Indian Oil and Gas Canada had both agreed to amend Petroleum and Natural Gas Lease # OL-6360 (“ Blood Lease”) to provide for a payment, waiver, or other forbearance to be made in lieu of the obligation to commence drilling two wells on the Blood Lease on or before September 30, 2015. LGX has received confirmation that Kainai has satisfied the revised terms of the Blood Lease. Accordingly, on August 15, 2015, LGX assigned Kainai an additional 30 percent working interest in an undeveloped portion of the Blood Lease excluding thereout all production and reserves in exchange for the successful amendment to the Blood Lease.

Service Agreement

Obligations and commitment under the Services Agreement between LGX and Legacy Oil + Gas Inc. and Crescent Point Energy Corp., successor of Legacy Oil + Gas Inc., terminated on September 29, 2015 after which LGX put in place the necessary staff and contractors to manage the daily operations of the Company (Note 1).

19. EVENTS AFTER THE REPORTING PERIOD

On November 16, 2015, LGX announced entering into a new banking facility with its lender consisting of a $30 million revolving demand credit facility. The new facility replaces the previous $20 million revolving demand credit facility and a $10 million non-revolving term credit facility. The new facility is a borrowing base facility subject to annual review by the lender, with the next review scheduled for no later than December 31, 2015.

CORPORATE INFORMATION

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President + Chief Executive Officer

Curt Ziemer
Vice President, Finance + Chief Financial Officer

Dale Mennis
Vice President, Land

Mark Oliver
Vice President, Exploration

William Wee
Vice President, Operations

DIRECTORS

Chris Bloomer (1)(2)

Daryl Gilbert (1)(2)

John Gunton (1)

Trent J. Yanko

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

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STOCK EXCHANGE LISTING
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