LGC CAPITAL LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended March 31, 2017

As at May 30, 2017

Management's Discussion and Analysis
For the three and six months ended March 31, 2017
As at March 31, 2017

The following management's discussion and analysis ("MD&A") of the results of operations and financial condition of LGC Capital Ltd. ("LGC Capital") covers the three and six months ended March 31, 2017 and 2016. It should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements of LGC Capital for the three and six months period ended March 31, 2017 and 2016.

The unaudited condensed interim consolidated financial statements of LGC Capital for the three and six months period ended March 31, 2017 and 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise noted.

REVERSE ASSET ACQUISITION AND TAKEOVER

On July 12, 2016, Leni Gas Cuba Limited ("Leni Gas Cuba"), completed a reverse asset acquisition and takeover ("RTO") of LGC Capital. On completion of the RTO, Knowlton Capital Inc. ("Knowlton") changed its name to LGC Capital Ltd.

LGC Capital, Leni Gas Cuba and its subsidiary Leni Gas Holdings Spain, SLU ("Leni Gas Spain"), and the subsidiary LGC Capital EU OU**,** are collectively referred to as the "Company" in this MD&A.

As a consequence of the RTO and pursuant to securities legislation, the year end of LGC Capital was changed to September 30, the year end of Leni Gas Cuba. As a result of the RTO, for accounting purposes, Leni Gas Cuba, the legal acquiree, is the accounting acquirer of LGC Capital and all comparative information presented in this MD&A relates to the financial position, operations and results of Leni Gas Cuba since its incorporation on March 3, 2015. The results of operations of LGC Capital are included in the financial information in this MD&A post completion of the RTO on July 12, 2016.

After completion of the RTO, Leni Gas Cuba shareholders held 84.43% of the common shares of LGC Capital while original shareholders of Knowlton held 15.57% of the common shares of the LGC Capital.

The comparative information of Leni Gas Cuba has been translated from GBP to Canadian dollars which is the reporting currency of LGC Capital. All assets and liabilities were translated at the exchange rate as at the reporting period balance date, share capital, warrants and contributed surplus were translated using the exchange rates at the date of the initial transactions, and revenue and expenses were translated at the average rate for the period. The difference was recorded in accumulated other comprehensive income.

Forward-Looking Statements

Certain of the information contained in this MD&A may contain "forward-looking statements". Forward-looking statements may include, among others, statements regarding the Company's future plans, costs, objectives or economic performance, or the assumptions underlying any of the foregoing, including those concerning the Company's proposed Transaction (as such term is defined below). In this MD&A, words such as "may", "would", "could", "will", "likely", "believe", "expect", "anticipate", "intend", "plan", "estimate", "seek", "forecast" and similar words and the negative form thereof are used to identify forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such future performance will be achieved. Forward-looking statements are based on information available at the time and/or management's good faith belief with respect to future events and are subject to known or unknown risks, uncertainties and other unpredictable factors, many of which are beyond the Company's control. These risks and uncertainties include, but are not limited to, those described under the heading "Risk Factors and Risk Management" in this MD&A and could cause actual events or results to differ materially from those projected in any forward-looking statements. The Company does not intend, nor does it undertake any obligation, to update or revise any forward-looking statements contained in this MD&A to reflect subsequent information, events or circumstances or otherwise, except if required by applicable law.

Overview

LGC Capital was incorporated on July 9, 2004 under the *Canada Business Corporations Act* and is a reporting issuer in the provinces of British Columbia, Alberta, Manitoba, Ontario and Québec. The Company's common shares are listed for trading on the TSX Venture Exchange (the "TSX-V") under the trading symbol "QBA" (prior to July 19, 2016, its common shares were listed for trading on the NEX board of the TSX-V under the symbol "KWC.H").

The registered office of the Company is at 800 Place Victoria, Suite 3700, Montreal, Québec H4Z 1E9.

Prior to completing the RTO with Leni Gas Cuba on July 12, 2016, LGC Capital was a shell company with no business or operations other than for the purpose of identifying and evaluating business or assets with the aim of completing a transaction to reactivate the Company.

Leni Gas Cuba was incorporated on March 3, 2015 as Leni Gas & Oil Limited under the British Virgin Islands ("BVI") Business Companies Act 2004 with registered number 1864325. On April 23, 2015, Leni Gas & Oil Limited changed its name to Leni Gas Cuba Limited. Prior to the RTO, Leni Gas Cuba's shares were traded on the ISDX Growth market, in London, until July 12, 2016.

Following completion of the RTO, the LGC Capital's business became that of an investment company with investments primarily in Cuba, effected through its wholly-owned subsidiary Leni Gas Cuba.

Description of the Company's Business

Leni Gas Cuba has significant shareholdings and interests in established businesses operating in the Cuban travel, events, events management, TV and film production support, sport, import & export, energy and oil and gas exploration sectors.

Leni Gas Cuba's current investments are as follows:

- 12.85% interest in Melbana Energy Limited ("Melbana"), an Australian-listed Cuban oil and gas explorer which holds the highly-prospective onshore Block 9 east of Havana. The Company is Melbana's largest single shareholder. The Company's interest in Melbana was 14.76% as at September 30, 2016.

- 14% of Petro Australis Limited ("Petro Australis"), an Australian un-listed Cuban oil and gas explorer which has certain back-in rights to 40% of Melbana's Block 9 and is undertaking other oil and gas activities in Cuba.

- 40% of the In Cloud 9/Travelwelcome Group ("iC9"), a bespoke Cuban travel, events management, TV and film production assistance group.

- 50% interest in an imports and exports joint venture with Groombridge Trading Corporation, a Cuban-centric trading company.

- 50% interest in the Rushmans Lenigas Cuba Joint Venture for sport.

- 10.14% interest in The Cuba Mountain Coffee Company Ltd, a venture aiming to market Cuban coffee.

- Joint venture with Commercial Funded Solar Ltd to assess the potential of installing and operating renewable energy and hybrid power solutions (solar power, energy storage and integrated power management systems) in Cuba.

Management Changes

On February 23, 2017, LGC Capital announced changes to its executive management team, with Mr. John McMullen appointment as Chief Executive Officer of LGC Capital to replace Mr. David Lenigas. Mr. Lenigas will continue to be very active with LGC Capital and remains as Co-Chairman of the Board of Directors of LGC Capital.

Mr. McMullen has been an advisor to LGC Capital since its listing on the TSX Venture Exchange in July 2016. In a career of more than 20 years, Mr. McMullen gained extensive experience in international capital markets, with specific emphasis on supporting and advising micro and small cap publicly traded companies. During that time, Mr. McMullen held various positions at major investment firms. He is a graduate of the University of Western Ontario with a Bachelor of Arts Degree.

Review of Investments

Cuban Oil Investments

The Company's strategic investment in Australian listed Cuban oil explorer Melbana (previously MEO Australia Limited), continues to be an excellent investment for the Company, with the price rising from its original entry level of A$0.01 to A$0.025 as at March 31, 2017 and A$0.019 as at the date of this report. The Company foresees significant upside potential from current levels as Melbana continues to develop its Block 9 oil licence in Cuba, it's Beehive off-shore oil project in Australia and its Tassie Shoals LNG/Methanol Project in Australia.

During the period, Melbana, reported positive updates from their onshore Block 9 oil activities in Cuba, new oil assessments from their shallow water off-shore Beehive oil project off Western Australia and positive developments on their Tassie Shoals LNG/Methonal Project off-shore northern Australia.

Melbana is uniquely prequalified as a foreign onshore and shallow water operator in Cuba and was awarded a 100% interest in the 2,380 square kilometres onshore oil block, Block 9 PSC in Cuba on September 3, 2015.

On February 1, 2017, Melbana announced an update on its Cuban Block 9 onshore oil acreage. Melbana's press release dated February 1, 2017 is available on its web site at www.melbana.com, under "Recent Announcements". Reader should note that the Company has not made any independent inquiries as to the accuracy or completeness of the press release issued by Melbana and the Company assumes no responsibility for the contents thereof. The press release issued by Melbana refers to "prospective resources" in connection with that company's onshore Block 9 PSC located along trend from the Varadero oil field. The Company assumes that such reference was made in accordance with applicable Australia regulations but is not able to so confirm. Further, the Company is not able to confirm whether applicable Australian regulations are equivalent to those in the Canadian Oil and Gas Evaluation (COGE) Handbook and *National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities* (NI 51-101). The disclosure in the Melbana press release does not comply with NI 51-101 or the guidelines of the COGE Handbook. Readers and investors are cautioned to take all of the foregoing into consideration when reading the press releases issued by Melbana, particularly any references to "prospective resources".

During the three and six-month periods ended March 31, 2017, the Company divested 9,150,000 and 18,196,943 shares in Melbana respectively, at average prices of A$0.022 and A$0.024 respectively for total proceeds of A$199,289 (C$200,415) and A$430.189 ($431,734) respectively which resulted in a reduction of the Company's interest in Melbana from 14.76% on September 30, 2016 to 12.85% at March 31, 2017. During the three and six-month periods ended March 31, 2017, the Company recognized a gain on disposal of shares of Melbana of A$107,789 (C$123,406) and A$248,220 (C$277,788) respectively, recorded in profit and loss, and also losses on disposal of shares of Melbana of A$82,350 (C$89,307) and A$281,383 (C$294,659) respectively, recorded in other comprehensive loss. The closing share price of Melbana as at March 31, 2017 and December 31, 2016 was A$0.025 and A$0.019 respectively, and during the three and six-month periods then ended the movement in value of the Company's investment amounted to a gain of A$735,118 (C$846,690) and a loss of A$976,587 (C$843,463) respectively.

The Company's underlying interest in Block 9 in Cuba is significantly increased through the Company's 14% shareholding in Petro Australis, which holds a conditional 40% back-in option in to Block 9. The Company acquired 10,961,667 ordinary shares in Petro Australis at an average of A$0.15 per share, which on acquisition in July/August 2015 represented a 15% interest. In August 2016, Petro Australis completed an equity raising at A$0.20 per share. Based on the August 2016 equity raising price, the Company estimates that, at September 30, 2016 and March 31, 2017, the fair value of its shares in Petro Australis, was A$0.20, resulting in an increase in value of the Company's investment by A$548,083 ($944,816) and A$nil ($nil) respectively. As at March 31, 2017 the Company's interest in Petro Australis was 14.0% [September 30, 2016 – 14.0%].

Cuban Travel Investment

The Company is pleased with the continued growth of iC9 a bespoke Cuban centric travel and concierge business, in which the Company holds a 40% interest.

iC9 revenues for the three months ended March 31, 2017 were US$475,000 ($629,000), a significant increase of 16.8% over the corresponding quarter in 2016 of US$406,000 ($542,000). Revenues for the six months ended March 31, 2017 were US$707,000 ($939,000), an increase of 17.5% over the corresponding period in 2016. The profit for the three and six months ended March 31, 2017 of US$9,500 ($12,500) and US$10,000 ($13,000) respectively was down from the corresponding periods in 2016 of US$40,000 ($53,500) and US$44,000 ($60,000), notwithstanding the significant increase in revenues, reflecting the costs expansion of the business overhead to handle growth in customer numbers, including moving into bigger offices and the recruitment of additional management and specialist staff. The Company's 40% share of profit for the three and six months ended March 31, 2017 was $5,000 and $5,300 respectively.

During the three and six-month periods ended March 31, 2017, the Company made working capital loans to iC9 in the amount of $35,690 and $95,622 respectively [2016 - $42,701 and $83,126].

The Company continues to support the development of iC9 with working capital and additional resources to leverage it's established (but previously under-capitalized) presence in Cuba for strong future growth.

iC9 (www.incloud9.com) handles bespoke itinerary visitors to Cuba, providing them with multiple Cuban destinations such as specialist cigar tours, fly and deep sea fishing, scuba diving, sailing, horse riding, cycling and cultural tours. Many high net worth clients of inCloud9 are repeat business customers with some returning multiple times per year. In addition, iC9 operates bespoke travel and film, TV and music production services in Cuba. The iC9 Group of companies have a long established history in Cuba, having successfully operated in the country for in excess of ten years.

Cuban Sport Joint Venture

The Company's 50/50 unincorporated joint venture with Rushmans Ltd (the "Rushmans JV") in respect to Cuban sport continues to develop the significant milestone of October 25, 2016, where Rushmans was granted the rights by RTVC, the Commercial Enterprise of Cuban Radio and Television, to co-produce and distribute the Cuban baseball series worldwide.

The rights with RTVC is for four seasons, covering the Olympic cycle as Cuba's leading players compete for their clubs and for places on the National team at Tokyo 2020, and will feature iconic teams including reigning champions Ciego de Avila, Matanzas, which is coached by the legendary Victor Mesa, Granma and Villa Clara which features Freddy Asiel Alvarez, one of the league's leading pitchers.

Rushmans, has more than 25 years' experience in world sport and has advised and supported sports governing bodies and played a key role in planning and delivering a host of major events including European Championships in Football and World Cups in Cricket and Rugby. Rushmans has also acted as a strategic advisor to sport and corporations worldwide.

Cuba is world renowned for baseball, boxing and other Olympic sports and has enjoyed considerable success in international events. In the first deal of its type, RTVC, is making an active commitment to expose Cuban sport to a wider global audience. Coverage of Cuba's National Baseball Series, boxing and other major international sports events to be staged in Cuba is to be made available to international audiences.

Cuban Import & Export Joint Venture

The Company continues to sees significant potential in its unincorporated 50/50 joint venture with Groombridge Trading Corporation ("GTC"), a Cuban centric trading company. The joint venture with GTC (the "GTC JV") is designed to expand GTC's business of supplying products, machinery and equipment to the fast growing Cuban tourism sector and exporting agricultural products from Cuba.

GTC, established in 2013, is a Canadian registered company that is approved to trade in Cuba by the Cuban Ministry of Foreign Trade and Investment and the Ministry of Agriculture and is further authorised to trade with other Cuban Government entities. GTC's President, Christopher Murphy, has considerable experience doing business in Cuba and has an extensive network of contacts and relationships in-country. He started doing business in Cuba in 1991, when he established and grew the sugar business of ED & F Man.

The GTC JV is assisting GTC with its significant pipeline of opportunities for imports for the hotels and tourism sector. In addition to supporting the growth of GTC's current trading activities, the GTC JV is also working with GTC to develop a number of agricultural projects and initiatives currently under negotiation in country and assist with new export orders of agricultural products to Europe and Canada.

On April 24, 2017, the Company announced the significant milestone that GTC had signed import agreements valued at $2.2 million for the delivery of construction equipment, spare parts, equipment and food, to be exported to Cuba under the GTC JV. The first delivery, under the terms of the agreement, is to occur within 60 days and it includes equipment and spare parts. LGC will facilitate finance of the opportunity, which is supported by a Tier One Canadian bank.

The Company has supported the development of the GTC JV with working capital for the development of its office and in-country activities in Cuba. It can take significant time to build the foundations with for key Cuban import contracts, and the Company believes the GTC JV is well positioned to leverage these benefits and crystalize its potential order pipeline in the forthcoming year and beyond.

Coffee Investment

The Company is pleased with the progress being made by Cuba Mountain Coffee Ltd ("CMC"), in which the Company holds a 10.14% interest, with the aim of assisting CMC's efforts in boosting Cuba's coffee production and exporting this valuable premium product to the world.

CMC is an English company founded in 2012 to promote, on a worldwide basis, single-origin gourmet coffee from Cuba's famous Guantanamo Region, both as green beans and also via CMC's own bespoke coffee brand, "Alma de Cuba". CMC's contract with the Government is now going through the approval processes with the Cuban agriculture and inward investment/export ministries.

In December 2016, the Company participated in a rights issue by the Cuba Mountain Coffee Company Limited for an investment of £11,200 ($18,635) by subscribing to 112 ordinary shares at price of £100 per share allowing the Company to maintain its interest of 10.14%. Based on the December 2016 rights issue price, the Company estimates that, at March 31, 2017, the fair value of its shares in Cuba Mountain was £38,500 ($64,100).

Outlook

The Company has invested significant capital in establishing the necessary infrastructure and support teams to build a strong foundation and presence for growing the business in Cuba. The Company has invested considerable working capital in associated companies and joint ventures backed by management with a wealth of experience and contacts in Cuba. The Company sees these investments well positioned for significant growth going forward.

Financial Information

Summary of Quarterly Results

The following table presents unaudited selected financial information for the eight most recent quarters since incorporation:

Fiscal Quarter ended	Total Revenue $	Net loss for the period $	Basic and diluted loss per share $	Total assets $
March 31, 2017	-	(607,134)	(0.00)	6,462,141
December 31, 2016	-	(515,615)	(0.00)	5,688,259
September 30, 2016	-	(3,316,850)	(0.01)	8,054,540
June 30, 2016	-	(1,164,758)	(0.01)	5,744,588
March 31, 2016	-	(749,749)	(0.01)	6,589,634
December 31, 2015	-	(2,630,169)	(0.01)	7,226,659
September 30, 2015	-	(97,682)	(0.00)	8,366,291
June 30, 2015	-	-	(0.00)	232,164

Three and six months ended March 31, 2017 compared with the three and six months ended March 31, 2016

	3 month periods ended March 31		6 month periods ended March 31	
	2017 $	2016 $	2017 $	2016 $
Revenue	-	-	-	-
Net loss	(607,134)	(754,119)	(1,122,749)	(3,384,288)
Other comprehensive profit (loss)	797,216	(389,760)	(1,331,228)	(443,001)
Net profit (loss) and comprehensive profit (loss)	190,082	(1,143,879)	(2,453,977)	(3,827,289)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.02)

The Company reported a net loss for the three and six months ended March 31, 2017 of $607,134 and $1,122,749 respectively. This was a significant reduction compared to the net loss for the three and six months ended March 31, 2016 of $754,119 and $3,384,288 respectively. The reduced loss is primarily driven by reduced administration costs, as outlined below, as well as the realised gain on the sale of Melbana shares during the period ended March 31, 2017.

Administration expenses for the three and six months ended March 31, 2017 amounted to $693,040 and $1,348,884 respectively. This was a significant reduction compared to the three and six months ended March 31, 2016 of $750,059 and $3,380,744 respectively.

	3 month periods ended 31 March		6 month periods ended 31 March	
	2017 $	2016 $	2017 $	2016 $
Administration expenses:				
Salaries and other employee benefits	**26,820**	7,375	45,899	7,375
Directors' fees and consultancy	**179,795**	195,631	326,162	302,647
Legal fees	**38,727**	76,634	76,865	175,636
Regulatory expenses	**38,658**	19,019	68,444	731,442
Consultancy fees	**84,147**	313,652	308,411	851,187
Travel and business development	**2,187**	116,055	31,050	171,228
Investor / public relations	**20,295**	5,042	62,704	7,875
Office expenses	**23,257**	4,425	75,717	7,359
Professional fees	**15,270**	2,468	31,221	2,468
Stock-based compensation – warrants	**-**	-	-	91,579
Stock-based compensation – stock options	**260,494**	-	305,828	1,013,924
Other administration	**3,390**	9,758	16,583	18,024
Total	**693,040**	750,059	1,348,884	3,380,744

The considerably reduced administration costs for the six months ended March 31, 2017 compared to 2016, includes the effect of a significant reduction in consultancy fees, and travel and business development expenditure, as well as the significant regulatory costs incurred in 2016 in respect of the listing on the ISDX exchange and issue of options.

For the three months ended March 31, 2017, the share of net profit from associates was $4,995 (2016: $16,548) and the share of losses from joint ventures was $26,093 (2016: nil), resulting from the addition of the contribution from the Rushmans Joint Venture.

During the three months ended March 31, 2017, the Company recognised a gain of $123,406 (2016: nil) on the divestment of 9,150,000 shares in Melbana at an average price of A$0.022 for total proceeds of A$199,289 ($199,970).

During the three months ended March 31, 2017, the Company had other comprehensive profit of $797,216 (2016: loss of 389,760), comprising an increase in the value of available for sale investments of $846,690 (2016: 484,136), realised loss on available for sale investments of $89,307 (2016: nil) and foreign exchange gain on translation of foreign subsidiaries of $39,833 (2016: loss of 873,895). The increase in the value of available for sale investments is primarily driven by the increase of the price of Melbana shares from A$0.019 as at December 31, 2016 to A$0.025 as at March 31, 2017. The value of the Company's holding in Melbana was $3,121,811 as at March 31, 2017.

Cash Flows

Cash flows for the three and six months ended March 31, 2017 compared with the three and six months ended March 31, 2016

	3 month periods ended March 31		6 month periods ended March 31	
	2017 $	**2016 $**	**2017 $**	**2016 $**
Cash flows from operating activities	(546,171)	(947,756)	(1,028,784)	(2,676,842)
Cash flows from investing activities	199,970	(1,433,894)	413,182	(1,433,894)
Cash flows from financing activities	330,460	-	330,460	381,629
(Decrease)/Increase in cash	(15,741)	(2,381,650)	(285,142)	(3,729,107)
Net foreign exchange differences	2,146	(438,287)	(7,941)	(505,368)
Cash, beginning of period	206,649	5,158,287	486,137	6,572,825
Cash, end of period	193,054	2,338,350	193,054	2,338,350

Cash at the beginning of the reporting period on October 1, 2016 was $486,137, with the closing cash position on March 31, 2017 being $193,054. This decrease is due primarily to net cash outflows associated with operating activities described above.

Liquidity and Capital Resources

Liquidity risk comes from the Company's general funding needs and in the management of its assets and liabilities. The Company manages liquidity risk to keep sufficient liquid financial resources to fund its balance sheet and meet its commitments and obligations in the most cost-effective way. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond its control. The Company's main sources of funding are equity and debt markets, private placements and outstanding stock options. The Company has no outstanding debt facility upon which to draw.

Management of Liquidity

Managing liquidity requires constant monitoring of projected cash inflows and outflows using forecasts of the Company's financial position for purposes of ensuring adequate and efficient use of cash resources. The adequate liquidity level is established based on historical volatility and seasonal requirements as well as on planned investments.

As March 31, 2017, the Company did not have any commitments for capital expenditures.

Related Party Transactions

During the three and six months ended March 31, 2017 and 2016, the Company recorded the following compensation for key management personnel and the Board of Directors:

	3 month periods ended March 31		6 month periods ended March 31	
	2017 $	**2016 $**	**2017 $**	**2016 $**
Directors' fees	55,241	195,631	115,004	302,647
Management fees	8,000	-	8,000	-
Stock-based compensation	184,253	-	184,253	665,281
Total	**247,493**	**195,631**	**307,256**	**967,928**

In addition to the related party transactions disclosed above, the Company entered into the following related party transactions in the normal course of operations.

[a] During the three and six-month periods ended March 31, 2017, the Company purchased travel services from its associate, InCloud9. During the three and six-month periods ended March 31, 2017, the total amount charged to administration expenses in respect of such services amounted to $2,270 and $12,719 [2016 – $49,143 and $66,651].

[b] During the three and six-month periods ended March 31, 2017, the Company made working capital loans to the its 40% owned associate, InCloud9 in the amount of $35,690 and $95,622 respectively [2016 - $42,701 and $83,126].

[c] During the three and six-month periods ended March 31, 2017, the Company made working capital loans to the 50:50 unincorporated joint venture with Groombridge Trading in the amount of $8,325 and $20,748 [2016 – $41,967 and $174,613].

[d] During the three and six-month periods ended March 31, 2017, the Company made working capital loans to the 50:50 unincorporated joint venture with Rushmans Ltd in the amount of $51,576 and $80,587 [2016 – nil and nil].

[e] During the three and six-month periods ended March 31, 2017, the Company incurred fees to a number of management entities of which certain officers or directors of the Company are a related party. For the three-month period ended March 31, 2017, the total amount for such services was $124,555, which was recorded in directors fees [2016 – nil]. For the six-month period ended March 31, 2017, the total amount for such services was $211,159, which was recorded in directors fees [2016 – nil]. As at March 31, 2017, an amount of $186,353 [September 30, 2016 – $14,810] owing to these firms was included in accounts payable and accrued liabilities in respect of these fees.

Capitalization

As at May 29, 2017 there were 234,045,310 common shares of LGC Capital issued and outstanding. In addition, there were stock options in respect of 46,982,679 common shares issued and outstanding (38,982,679 exercisable), and warrants in respect of 1,976,000 common shares issued and outstanding. On March 31, 2017, LGC Capital and David Lenigas entered into an agreement to cancel 8,000,000 options held by Mr. Lenigas.

The stock options have weighted average exercise prices ranging from $0.08 to $0.93 per share and expiry dates ranging from November 1, 2018 to March 31, 2022. The warrants have an exercise price of $0.23 per share and an expiry date of November 2, 2022.

Commitments

As at March 31, 2017, the Company had commitments under operating leases requiring annual rental payments as follows:

Fiscal Year	**Total $**
2017	69,295
2018	69,295
2019	69,295
2020	69,295
2021	17,324
Total	**294,504**

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Critical Accounting Judgments and Estimates

As detailed in note 2 of the consolidated financial statements, management has identified critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Changes in Significant Accounting Policies

The Company's significant accounting policies are disclosed under note 3 to the consolidated financial statements for the year ended September 30, 2016.

New standards, interpretations and amendments adopted by the Company

The nature and the impact of the new standard, interpretation and amendment adopted by the Company on October 1, 2016 is described below:

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the Management Discussion and Analysis). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendment must be applied retrospectively and was effective for annual periods beginning on or after January 1, 2016. The adoption of this amendment did not have an impact on the Company's interim condensed consolidated financial statements.

Risk Factors and Risk Management

Reference is made to the section entitled "Risk Factors and Risk Management" of LGC Capital's Management's Discussion and Analysis for the fiscal year ended September 30, 2016 for a discussion of the risk factors applicable to the Company and its business. The Management's Discussion and Analysis of LGC Capital for the fiscal year ended September 30, 2016 is available under LGC Capital's profile on SEDAR at www.sedar.com.

Additional Information

Additional information relating to the Company, including the most recent Company filings, is available under the Company's profile on the *System for Electronic Document Analysis and Retrieval* at www.sedar.com.