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Legend Power Systems Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Nine months ended June 30, 2019 and 2018

(Expressed in Canadian Dollars)

Dated August 21, 2019

ABOUT THIS MD&A

This discussion and analysis of financial position and results of operation of Legend Power Systems Inc. ("Legend" or the "Company"), is prepared as at August 21, 2019, and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and nine months ended June 30, 2019, consolidated financial statements and the accompanying notes for the year ended September 30, 2018, and Company's Annual Information Form for the year ended September 30, 2017. The following disclosure and associated financial statements are presented in accordance with IFRS. Except as otherwise disclosed, all dollar figures included therein and in the following Management's Discussion and Analysis ("MD&A") are quoted in Canadian Dollars. Unless indicated otherwise, information in this MD&A is current as of August 21, 2019.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings. The Board of Directors approve the financial statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

Additional information relevant to the Company can be found on the SEDAR website at www.sedar.com and the Company's website at www.legendpower.com.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

This MD&A may contain statements which constitute "forward-looking information", including statements regarding the plans, intentions, beliefs and current expectations of the Company, its directors, or its officers with respect to the future business activities and operating performance of the Company. The words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company, or its management, are intended to identify such forward-looking statements. Investors are cautioned that any such forward-looking statements are not guarantees of future business activities or performance and involve risks and uncertainties, and that the Company's future business activities may differ materially from those in the forward-looking statements as a result of various factors. Such risks, uncertainties and factors are described in the periodic filings with the Canadian securities regulatory authorities, including the Company's quarterly and annual Management's Discussion & Analysis, which may be viewed on SEDAR at www.sedar.com. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not be as anticipated, estimated or intended. The Company does not intend, and does not assume any obligation, to update these forward-looking statements other than as may be required by applicable law.

OUR BUSINESS

Legend Power Systems Inc. ("Legend Canada") and its wholly owned subsidiaries, 0809882 B.C. Ltd. - (Canada), Legend Power Systems Corp. - (USA) ("Legend U.S.") and LPSI (Barbados) Limited - (Barbados), (collectively, the "Company" or "Legend") is a global leader in onsite energy management technology. The Company markets a patented device (the "SmartGATE™") which is an energy management platform to help owners of commercial and industrial buildings overcome grid volatility challenges common to utilities around the world. Its modular design enables it to address issues today, and anticipates addressing many other energy management issues identified by the marketplace. Most buildings on a power grid receive inconsistent electrical voltage from their power utilities as a counteracting measure to mitigate the challenges of line-loss across a feeder length, and the variable nature of power demand. That variability is further exacerbated by the addition of Renewable Energy sources into the supply and its inconsistent production and availability. Voltage higher or lower than a building's equipment specifications negatively impacts the lifespan or availability of electrical equipment, creates unnecessary power consumption, and potential for 'brown-outs'. This results in higher monthly utility bills, premature equipment failure, a larger than necessary environmental footprint for the affected building, unpredictable power availability and potential resulting tenant/occupant issues. Legend utilizes a proprietary and patented technology platform to regulate a building's voltage and manage its total power consumption. By ensuring a consistent and optimized voltage level across all loads, the SmartGATE™ helps customers ensure consistent power availability, reduce their electricity bills and maintenance costs, while maintaining and enhancing asset values and brand integrity. SmartGATE's intelligent controller also captures constant, real-time data flow on 38 parameters aggregated every minute and made available as data analytics insights to building management via wireless online portal.

Vision and Strategy

The Company's vision statement is - "To be recognized as a global leader in onsite energy management technology". The Company's product, the SmartGATE™, is an energy management platform that becomes the hub for managing and accommodating for the variable power levels that come from the grid. As the first point of contact for electricity 'after the meter', SmartGATE is the bridge between the incoming electricity, and all the building loads it is distributed to. It not only manages supply to optimal levels, it has real-time data insight to everything in the process. While early sales were made on the basis of average energy savings of 4% to 8% for buildings in North America, the continued addition to the platform of energy management capabilities requested by customers will add revenue and change the nature of the sale. The typical payback period on an average system currently is between 3 to 4 years, making it a highly competitive energy saving option, especially with the cost of energy increasing in most jurisdictions.

A core element of Legend's business plan is to leverage both direct and distribution sales channels to aggressively expand key recommender product adoption and market share in multiple geographic locations. Direct sales in the Province of Ontario is a notable revenue stream that additionally serves as a test bed for sales best practices and intelligence gathering. Expansion into the United States has begun with the establishment of a presence in New York City, Seattle and DC, and the identification of up to three other highly prospective regions across the U.S. Each region will include a team comprised of business development, sales, and marketing professionals. It is management's view that successful expansion into the United States (or any other new market) is dependent on three primary criteria: 1) a high cost of electrical energy in the region; 2) local government incentives for customers to purchase Legend's technology; and 3) technology endorsement by "Key Influencers", such as local utilities and electrical contractors. Key Influencers are defined as individuals or organizations in a target market with whom Legend has proven its solution to be effective, and has developed a relationship that supplies active endorsement of the product's performances, value, and applicability to other potential customers within their sphere of influence.

Legend's research and development programs are focused on the creation, rapid development, and delivery of unique feature sets driven by customer feedback. It is anticipated that these feature sets will amongst other benefits, offer greater energy savings in all geographic territories and market verticals along with improved margins for the Company.

OPERATIONAL HIGHLIGHTS

Sales
During fiscal Q3 the Company recognized revenue from the sale of 8 SmartGATE systems sold and installation revenue associated with the commissioning of 3 SmartGATE units. Systems sales recognized in revenue were to customers in market verticals as to; 3 in multi-residential, 2 in commercial office tower, and 3 in education. 5 sales recognized in revenue were in Canada and 3 in the U.S.

Sales and Marketing
Mike Cioce joined Legend in January 2019 as our first VP Sales and Marketing. As Legend's sales and marketing leader, Mike has continued to add rigour and discipline to our sales processes and systems and implemented sales team improvements that have significantly grown our sales pipeline. He has enhanced our sales qualification process and improved our sales velocity.

Deal flow is increasing and are notably larger than previously experienced. The cycle times to decision are longer due to the complexity and number of people involved in the buying process. Additionally, the time to installation / revenue recognition has much more variability – ranging from as quick as 60 days to as much as 12 months.

Improvements to the Toronto sales effort continued in the quarter to ensure previous record sales levels would be obtainable in the near future.

Marketing has continued to refine its understanding of key market verticals, and the needs of the buyers and recommenders in them. To support customer acquisition efforts, a detailed 'customer journey' study was conducted, the results of which are being applied to the buildout of digital campaigns via search marketing and paid social channels such as Linked In. The objective of these efforts is to fill the top of the sales funnel with high quality, engaged leads. This is being complemented and supported by a significant lead generation calling outreach to follow-up directly with leads generated. Meetings are already being delivered by this resource. We attended two tradeshows during the quarter.

Business Development
The U.S. markets are gaining momentum with more verbal commitments for projects that are going through the contracting process. We officially launched our business development efforts in the Pacific NW during the quarter (campaign, PR, website). The response from industry players has been good and we believe our time to first order will be much faster than we experienced in the New York region. The region receives support from Legend people in the Vancouver corporate office.

Product Development
We have invested heavily to develop a strong engineering team. We added an additional two engineers with over 20 years experience in one of the world's largest electrical manufacturing companies. Our focus is on product enhancements and platform development to evolve Legend from a single product company to an energy management solutions company. During our next fiscal year, we will expand our product offering to address many of the most prevalent energy problems in commercial buildings at a price point unseen in the marketplace.

OUTLOOK

We continue to experience significant increases in our pre-sales activities and funnel growth. The multiple sales and marketing initiatives are driving awareness and interest levels in all markets. Our new sales leader has driven sales team improvements and sales process enhancements that will lead to strong sales growth.

The market interest in our product is strong and we continue to build "comfort" with our markets and we expect to achieve sales growth. With the imminent launch of our enhanced product platform, we are excited about the business.

FINANCIAL RESULTS

Financial summary for the three and nine months ended June 30, 2019 and 2018.

	Three months ended June 30,			Nine months ended June 30,		
(Cdn$, unless noted otherwise)	2019	2018 (reclassified)[1]	Change	2019	2018 (reclassified)[1]	Change
Revenue	676,139	2,112,341	(68)%	1,848,982	5,311,630	(65)%
Cost of sales[2]	349,280	913,941	(62)%	781,440	2,637,861	(70)%
Gross margin[3]	326,859	1,198,400	(73)%	1,067,542	2,673,769	(60)%
Gross margin %[3]	48%	57%	(8)%	58%	50%	8%
Operating expenses	(1,544,329)	(1,402,018)	10%	(4,874,730)	(4,065,191)	20%
Adjusted EBITDA[4]	(1,152,185)	(103,610)	(1,012)%	(3,466,988)	(1,005,169)	(245)%
Net loss	(1,176,154)	(212,528)	453%	(3,669,937)	(1,402,170)	162%

[1] Certain components of previous year columns have been reclassified to conform with the presentation of fiscal 2019 periods.
[2] Cost of Sales has been adjusted to better conform with current accounting practice; namely, sales commissions and selling fees are now accounted for separately under "Selling Costs".
[3] Gross margin is based on a blend of both equipment and installation revenue.
[4] Adjusted EBITDA is a non-IFRS financial measure. See EBDITA Reconciliation for details.

Revenue for the third quarter of 2019 was $676,139, a 68% decrease from $2,112,341 in the same quarter of 2018. Revenue for the nine months ended June 30, 2019 was $1,848,982 a 65% decrease from $5,311,630 in the same period 2018.

Gross margin in the third quarter of fiscal 2019 was 48%, a decrease from 57% in third quarter of 2018. Gross margin for the nine months ended June 30, 2019 was 58%, an increase from 50% over the same period of 2018. The lower comparative gross margin experienced in the third quarter of fiscal 2019 was due primarily to special pricing for select showcase new accounts in New York City. The higher relative gross margin in the first nine months of 2019 was primarily due to the results of an increase in inventory valuation in the amount of $138,891, reducing cost of goods sold reported during the period.

Adjusted EBITDA for the third quarter of fiscal 2019 decreased to negative $1,152,185, from negative $103,610 in the third quarter of 2018. Adjusted EBITDA for the nine months ended June 30, 2019 decreased to negative $3,466,988, from negative $1,005,169 in the same period of fiscal 2018. We expect this trend to continue during implementation of the Company's U.S. growth strategy throughout 2019 as significant investment in the build out of new regions takes place.

Net loss for the third quarter of fiscal 2019 was $1,176,154, an increase of 453% from $212,528 in the third quarter of 2018 primarily due to costs incurred in Legend U.S. associated with ramp up of the Company's presence in New York City. Net loss for the nine months ended June 30, 2019 was $3,669,937, an increase of 162% from a loss of $1,402,170 in the same period of 2018. The increase in net loss attributable to the Company's two operating segments, Legend Canada and Legend U.S. are:

i) Legend Canada incurred a loss of $474,058 in the third quarter of fiscal 2019, compared to a profit of $117,544 in the third quarter of fiscal 2018 and for the nine months ended June 30, 2019 a net loss of $1,864,469 compared with $1,012,965 in the same period of 2018. The increase in comparative loss for both periods was due primarily to a significant decrease in revenue while operational costs remained relatively unchanged.

ii) Legend U.S. incurred a net loss of $695,567 in the third quarter of 2019 compared with $320,271 in the same quarter of 2018 and for the nine months ended June 30, 2019 a net loss of $1,798,938 compared with $379,404 in the same period of 2018. The increased loss is due to significant investment in salaries and consulting fees for ongoing business development and sales activities in NY as well as general and overhead costs associated with supporting U.S. operations.

The Company's operating expenses for the third quarter of 2019 were $1,544,329, up from $1,402,018 in the same quarter of 2018 and for the nine months ended June 30, 2019 were $4,874,730 up from $4,065,191 in the same period of 2018. The trend of higher operating expenses is expected to continue during this phase of the Company's U.S. expansion into new U.S. regions.

The costs of significant investment in U.S. expansion impacted several of the Company's expense categories below. Details of the primary components of operating expenses are presented in the table below and are explained in terms of the two operating segments.

Significant Operating Expenses

	Three-months ended June 30,			Nine months ended June 30,		
(Cdn$, unless noted otherwise)	2019	2018 (reclassified)[1]	Change	2019	2018 (reclassified)[1]	Change
Salaries and consulting fees	1,035,908	718,675	44%	3,167,792	2,203,916	44%
General and overhead	255,005	165,053	55%	781,001	554,629	41%
Selling costs[2]	69,817	154,528	(55)%	266,832	528,108	(49)%
Professional fees	44,885	88,795	(49)%	153,564	141,702	8%
Share-based compensation	86,150	79,152	9%	250,533	349,765	(28)%
Warranty provision	34,601	88,510	(61)%	126,524	86,829	46%

[1] Certain components of previous year columns have been reclassified to conform with the presentation of fiscal 2019 periods.
[2] Cost of Sales has been adjusted to better conform with current accounting practice; namely, sales commissions and selling fees are now accounted for separately under "Selling Costs".

- Salaries and consulting fees for the three and nine months ended June 30, 2019 were $1,035,908 and $3,167,792 respectively, up from $718,675 and $2,203,916 in the same periods of 2018. The increase in salaries and consulting fees are a result of staffing up for the Company's U.S. growth strategy and to a lesser extent additions to the engineering team.

- General and overhead costs for the three and nine months ended June 30, 2019 were $255,005 and $781,001 respectively, up from $165,053 and $554,629 in the same periods of 2018. The increase in general and overhead costs in the first nine months of 2019 was due primarily to increased sales and business development focused travel, higher office related costs, as well as marketing expenditures.

- Selling costs in the three and nine months ended June 30, 2019 were $69,817 and $266,832 respectively, down from $154,528 and $528,108 in the same periods of 2018. Selling costs is comprised primarily of sales commissions and fees paid to the Ontario Education Collaborative Marketplace ("OECM") which due to lower sales in 2019 have decreased in both comparative periods.

- Professional fees in the three and nine months ended June 30, 2019 were $44,885 and $153,564 respectively, compared with $88,795 and $141,702 in the same periods of 2018. The higher comparative professional fees incurred during the three months ended June 30, 2018 is due to costs associated with the closing of a bought deal financing in April 2018.

- Share-based compensation expense (all attributable to Legend Canada) is due to grants of incentive stock options to employees, officers, directors and consultants, and is expensed in relation to the fair value and vesting periods associated with the options granted, including past years grants. This expense for the three and nine months ended June 30, 2019 was $86,150 and $250,533 respectively, compared to $79,152 and $349,765 in the same periods of 2018. The number of options vesting during the three and nine months ended June 30, 2019 were 425,835 and 1,165,701 respectively, compared to 398,751 and 1,475,282 vesting in the same periods of 2018.

- Warranty provision for the three and nine months ended June 30, 2019 was $34,601 and $126,524 respectively, compared with $88,510 and $86,829 in the same periods of 2018. The Company provides a 10-year warranty with the sale of its SmartGATE™ systems. The Company's calculation of warranty provision is based on estimations and assumptions related to the need for replacement of certain parts of SmartGATE™ in the future. Warranty provision is calculated each reporting period based on actual warranty costs incurred and an updated projection of all future warranty claims.

Quarterly Trends

Certain amount for quarters of fiscal 2017, and fiscal 2018 have been reclassified to conform with the presentation adopted in the fourth quarter of 2018 and fiscal 2019.

(Cdn$, unless noted otherwise)

	Fiscal 2017	Fiscal 2018				Fiscal 2019		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	(Reclassified)							
Revenue	1,065,714	1,282,707	1,916,582	2,112,341	1,283,433	403,400	769,443	676,139
Gross margin[1]	177,642	478,784	996,585	1,310,259	205,181	326,568	414,114	326,860
Operating expenses	1,149,350	1,229,868	1,443,702	1,489,196	1,465,944	1,484,843	1,845,557	1,544,329
Operating loss	(976,706)	(751,084)	(447,117)	(178,937)	(1,260,763)	(1,158,275)	(1,431,443)	(1,217,469)
Net loss	(965,443)	(747,328)	(442,314)	(187,847)	(1,181,896)	(1,091,332)	(1,402,451)	(1,176,154)
Loss per common share[2]	(0.012)	(0.009)	(0.005)	(0.002)	(0.011)	(0.011)	(0.014)	(0.012)

[1] Gross margin is based on a blend of both equipment and installation revenue.
[2] Basic and diluted.

Our quarterly revenues do naturally fluctuate, which management deems consistent with a technology company perfecting the execution of its business model while transitioning through a high growth stage. The Company's sales cycle has historically been up to 12 months which exposes reported revenue to unevenness related to customer buying cycles. This unevenness in revenue has historically been seasonal and most pronounced during Q4. The significant decrease in revenue during the first three quarters of 2019 was due to factors outlined in detail in the Company's Management's Discussion and Analysis dated February 26, 2019.

Our gross margin on a quarterly basis is variable and reflects the mix of product versus install revenue and any inventory adjustments/write-offs that are tied to changes in component pricing, technology, and product offering/design. During Q4 2018 and 2017 the significantly lower gross margins experienced were primarily the result of inventory valuation procedures which impacted cost of goods sold and a proportionately higher amount of low margin installation revenue recorded during those quarters. In Q1 2019 the cost of goods sold was impacted by an increase in inventory valuation as the result of the December 31, 2018 physical inventory count, resulting in an unusually high reported gross margin.

Operating costs steadily increased between Q4 2017 through to Q2 2018 during a period of growth in demand for our technology and the Company's staffing up to meet this demand. During the following 5 quarters up to Q3 2019, operating expenses were relatively stable during continuation of the Company's U.S. expansion.

FINANCIAL CONDITION, CAPITAL RESOURCES AND OTHER DISCLOSURES

Summary of Consolidated Statement of Cash Flows

	Nine months ended June 30,		
(Cdn$, unless noted otherwise)	2019	2018	Change
Cash used in operating activities	(2,522,224)	(1,681,350)	50%
Cash used in investing activities	(417,411)	(89,494)	366%
Cash provided by financing activities	78,025	11,549,530	(99)%
Total change in cash	**(2,861,610)**	**9,778,686**	(129)%

Cash used in operating activities
During the nine months ended June 30, 2019, cash used in operating activities was $2,522,224, up from $1,681,350 in the same period of 2018. The increase in cash used in operating activities is due in most part to an increase in loss of approximately $2.2 million, offset by cash received from receivables and amounts due from customers on contract totaling over $1.8 million.

Cash used in investing activities
During the nine months ended June 30, 2019, cash used for investing activities was $417,411, an increase from $89,494 in the same period of 2018. The increase is primarily due to product development costs of $452,626 compared to $nil in the same period of 2018, offset by higher interest income received at $86,929 compared to $20,956 in the first nine months of fiscal 2018 and by purchase of equipment of $51,714 in the first nine months of fiscal 2019 compared to $110,450 in the same period of fiscal 2018.

Cash provided by financing activities
During the nine months ended June 30, 2019, cash flows from financing activities was $78,025, a significant decrease from $11,549,530 in the same period of 2018. In the 2018 comparative period the Company closed a public offering for gross proceeds of approximately $10.5m and also received $1.8m in proceeds from warrant exercises.

Working Capital Items

(Cdn$, unless noted otherwise)	at June 30, 2019	at September 30, 2018	Change
Cash	7,195,776	10,046,366	(28)%
Trade receivable	732,651	1,573,298	(53)%
Due from customers on contract	799,722	1,361,126	(41)%
Inventory	1,488,175	1,066,592	40%
Prepaids and deposits	184,556	192,603	(4)%
Total current assets	**10,400,880**	**14,239,985**	(27)%
Trade payables	306,175	501,138	(39)%
Accrued Liabilities	202,255	79,665	154%
Warranty provision	38,020	40,863	(7)%
Total current liabilities	**546,450**	**621,666**	(12)%
Working capital	**9,854,430**	**13,618,319**	(28)%

Liquidity and capital resources measures
As at June 30, 2019, the Company had cash and cash equivalents of $7,195,776 (September 30, 2018 - $10,046,366), total current assets of $10,400,880 (September 30, 2018 - $14,239,985) and current liabilities of $546,450 (September 30, 2018 - $621,666). As at June 30, 2019, the Company had working capital of $9,854,430 (September 30, 2018 - $13,618,319).

Based on working capital as at June 30, 2019, estimated cash requirements for the next twelve months and the Company's ability to timely collect accounts receivable, management believes the Company has sufficient working capital to continue business operations over the ensuing year. In the event that revenues increase, the Company's ability to operate and grow the business will be extended.

The Company has historically relied on equity financing to raise the requisite financial resources. There is no assurance that profitability will be achieved or that management will be successful in obtaining financing when and if required on terms acceptable to the Company.

Accounts Receivable
Accounts receivable at June 30, 2019 was $732,651 down from $1,573,298 at September 30, 2018. The decrease in accounts receivable is due primarily to a slowing in sales during the nine months ended June 30, 2019. The Company's cash collection cycle is typically longer than most due to the varying nature of customer scheduling constraints, and the multi-step process associated with installation and commissioning of our technology.

Due from Customers on contract

Due from customers on contract of $799,722 at June 30, 2019 and $1,361,126 at September 30, 2018, relates to systems delivered and/or installation services provided for sales transactions where revenue has been recognized, but customers have not yet been invoiced. The decrease in amounts due from customers on contract is due primarily to a slowing in sales volume during the nine months ended June 30, 2019.

Inventory

Inventory at June 30, 2019 was $1,488,175, a 40% increase from $1,066,592 at September 30, 2018. The increase in inventory is primarily attributable to; i) the results of a physical inventory count completed on December 31, 2018, which resulted in an increase in inventory valuation of $138,891; and ii) the slow-down in sales experienced during the first nine months of 2019. All inventory is attributable to Legend Canada at both comparative period ends. The Company's strategy is to advance purchase sufficient materials to fulfill at least 3-months of projected orders. The Company's ability to fulfill customer orders on a timely basis is dependent on carrying inventory of various components, in particular those components with lengthy lead times for delivery.

Current Liabilities

Trade payables and accrued liabilities at June 30, 2019 were $306,175 and $202,255 respectively, compared with $501,138 and $79,665 at September 30, 2018. Trade payables and accrued liabilities fluctuate with no particular pattern. Accrued liabilities did comparatively increase during the three months ended June 30, 2019 primarily due to accruals for installation costs. At June 30, 2019 warranty provision was $38,020 compared with $40,863 at September 30, 2018.

Contractual Obligations and Commitments

On December 4, 2017 the Company entered into an agreement to lease premises in Toronto, Ontario and on March 22, 2018 the Company entered into an agreement to lease premises in Vancouver, B.C. When taken together the lease agreements require the following minimum lease payments in each of the below fiscal years:

2019	$43,842
2020	$148,879
2021	$70,775

The lease payments are subject to changes or increases in additional rent, generally described as the Company's portion of the landlord's common area charges and property taxes.

The Company has an employment agreement with the President and CEO of the Company that contains severance provisions whereby termination without cause could result in additional costs to the Company unless re-negotiated or settled otherwise.

The Company has a management services agreement with the CFO of the Company that contains severance provisions whereby termination without cause could result in additional costs to the Company unless re-negotiated or settled otherwise.

Proposed Transactions

None.

Outstanding Share Data

Class of Security	Number outstanding at September 30, 2018	Net issued (equity offering, grants, cancellations, exercises or forfeitures)	Number outstanding at June 30, 2019	Net issued (grants, cancellations, exercises)	Number outstanding at August 21, 2019
Shares[1]	101,462,803	387,500	101,850,303	-	101,850,303
Options	7,113,333	1,350,834	8,464,167	65,000	8,529,167
Broker Warrants	703,410	-	703,410	-	703,410

[1] *The Company's authorized share capital is an unlimited number of common shares without par value. All issued common shares are fully paid.*

Incentive stock options
During the nine months ended June 30, 2019, 2,345,000 stock options were granted, 387,500 were exercised, 385,000 expired and 221,666 stock options were forfeited. Subsequent to June 30, 2019 and to the date of this report a total of 65,000 stock options were granted.

Broker warrants
During April 2018, as part of the Offering the Company issued 703,410 Broker Warrants. Each Broker Warrant entitles the holder to purchase one Share at $0.80 per share until April 2020.

Off-Balance Sheet Arrangements
The Company does not have any off-balance sheet arrangements.

RISKS AND UNCERTAINTIES

In the course of our operations, we are exposed to various business risks and uncertainties that can affect our financial condition. While some financial exposures are reduced through insurance, and other risk management measures we have in place, there are certain cases where the market and operating risks are driven by external factors beyond our influence and control. The risks and uncertainties discussed in the Company's Annual Information Form dated February 15, 2018 and MD&A dated January 23, 2019, remain unchanged.

RELATED PARTY DISCLOSURES

The Company entered into the following related party transactions during the three and nine months ended June 30, 2019 and 2018. The terms and conditions of the transactions with key management personnel and non-executive directors and/or their related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions with non-related entities on an arm's length basis.

Transactions with Key Management Personnel

During the three and nine months ended June 30, 2019 and 2018, the following amounts were incurred with respect to the Company's CEO (Mr. Randy Buchamer), and CFO (Mr. Steve Vanry):

(Cdn$, unless noted otherwise)	Three months ended June 30, 2019	2018	Nine months ended June 30, 2019	2018
Salaries – R. Buchamer	62,500	56,250	181,250	168,750
Consulting fees – S. Vanry	46,250	40,696	132,500	116,585
Share based compensation – R. Buchamer	16,441	30,553	50,082	133,481
Share based compensation – S. Vanry	8,220	7,688	25,041	25,041
Total	**133,411**	**135,187**	**388,873**	**443,857**

Transactions with Other Related Parties

During the three and nine months ended June 30, 2019 and 2018, the following amounts were incurred with respect to the Company's non-executive directors (Messrs. Michael Atkinson, Jamie Blundell(3), Matt Walker(3), Dave Guebert, Cosimo La Porta(1), and Michael Harcourt(2)):

(Cdn$, unless noted otherwise)	Three months ended June 30, 2019	2018	Nine months ended June 30, 2019	2018
Director's fees	31,051	-	61,051	-
Share-based compensation	47,592	18,000	99,059	53,526
Total	**78,643**	**18,000**	**160,110**	**53,526**

1 Cosimo La Porta was appointed director of the Company on April 12, 2018.
2 Michael Harcourt ceased to be a director on April 9, 2018.
3 Jamie Blundell and Matt Walker ceased to be directors on June 20, 2019.

At June 30, 2019, a total of $19,441 (September 30, 2018 - $28,915) was due to related parties for consulting fees and expenses reimbursement and $7,926 (September 30, 2018 - $nil) was due from related parties for income tax remittance.

NEW ACCOUNTING STANDARDS NOT YET ADOPTED

IFRS 16 – *Leases*. In January 2016, IFRS 16, was issued which requires, among other things, lessees to recognize leases traditionally recorded as operating leases in the same manner as financing leases. IFRS 16 now prescribes the accounting policies and disclosures applicable to leases for both lessees and lessors. The standard replaces IAS 17, *Leases*, and is effective for annual periods beginning of after January 1, 2019 with earlier application permitted. The Company will adopt the standard effective October 1, 2019, and it expects its facility leases to be recorded on the balance sheet as a result of the transition and is in the process of quantifying the impact.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments
The Company's financial instruments consist of cash and cash equivalents, trade receivables, accounts payable and amounts due to related parties. The carrying values of these financial instruments approximate their fair values because of their short-term nature.

Risk management
The risks associated with these financial instruments and the policies regarding their management are discussed below. Management monitors these risk exposures to ensure appropriate measures are implemented in a timely and effective manner.

Foreign currency risk
The Company is exposed to the U.S. dollar versus Canadian dollar exchange rate fluctuation risks through operations of its U.S. subsidiary and expenses incurred in U.S. dollars. As at June 30, 2019 all of Company's liquid assets and liabilities were held in Canadian dollars and U.S. dollars. A significant change in the USD exchange rate relative to the Canadian dollar could affect the Company's results of operations. A change in the value of U.S. dollar by 10% relative to the value of the Canadian dollar would have affected the Company's results of operations for the nine months ended June 30, 2019 by approximately $180,000 (2018 - $38,000).

Interest rate risk
Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk due to its potential impact on cash and cash equivalents. The Company earns interest on deposits based on current market interest rates, which during the nine months ended June 30, 2019 ranged from 0.5% to 2.2% (2018 – 0.5% to 1.6%). A 1% change in interest rates would have affected the Company's results of operations for the nine months ended June 30, 2019 by approximately $80,000 (2018 - $40,000). The Company does not have any interest-bearing liabilities.

Credit risk

Credit risk is the risk of an unexpected loss if the counterparty to a financial instrument fails to meet its contractual obligations. The credit risk associated with cash is believed to be minimal as cash is on deposit with Canadian and foreign banks that are deemed to be creditworthy. Receivables are comprised primarily of amounts due from various customers. The Company is exposed to credit risk through accounts receivable from customers. At June 30, 2019, receivables from four customers accounted for 22%, 21%, 19% and 18% respectively of the Company's receivable balance for a total of 80% in aggregate. Receivables from three customers accounted for 60%, 14%, and 14%, respectively of the Company's receivable balance for a total of 88% in aggregate at September 30, 2018.

Liquidity risk

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. As at June 30, 2019 the Company had cash and cash equivalents of $7,195,776 to settle its current liabilities of $546,450.

EBITDA RECONCILATION

We are disclosing Adjusted EBITDA as a supplementary indicator of operating performance. We define Adjusted EBITDA as net income or loss before; interest, income taxes, amortization, non-cash stock-based compensation and foreign exchange gains and losses. Warranty expense is no longer included in the Adjusted EBITDA calculation, as such historical amounts have been updated. Management believes that this supplementary financials measures reflect the Company's ongoing business in a manner that allows for meaningful period-to-period comparisons and analysis of business trends. We believe the Adjusted EBITDA to be useful in providing an indication of the operational results of our business.

	Three months ended June 30,		Nine months ended June 30,	
(Cdn$, unless noted otherwise)	2019	2018	2019	2018
Net loss	(1,176,154)	(212,528)	(3,669,937)	(1,402,170)
Add / (deduct):				
Foreign exchange	178	24,681	(17,687)	24,681
Interest income	(70,309)	(12,398)	(137,252)	(20,957)
Amortization and depreciation	7,950	17,483	107,355	43,512
Share based compensation	86,150	79,152	250,533	349,765
Adjusted EBITDA	**(1,152,185)**	**(103,610)**	**(3,466,988)**	**(1,005,169)**

OTHER MD&A REQUIREMENTS

Additional information relating to the Company may be found on or in:

- SEDAR at www.sedar.com;
- the Company's website at www.legendpower.com;
- the Company's condensed interim consolidated financial statements for the three and nine months ended June 30, 2019 and 2018;
- the Company's consolidated financial statements for the years ended September 30, 2018 and 2017;
- the Company's Annual Information Form for the year ended September 30, 2017.

Approval

The Board of Directors of the Company has approved the disclosure contained in this Management's Discussion and Analysis.

On Behalf of the Board of Directors,
"Randy Buchamer"
Randy Buchamer
President, CEO and Director
August 21, 2019