Legend Power Systems Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Six months ended March 31, 2018 and 2017

Dated May 23, 2018

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 May 23, 2018, and should be read in conjunction with the Company's condensed interim consolidated financial statements and the accompanying notes for the six months ended March 31, 2018 and 2017, and with the audited consolidated financial statements and the accompanying notes for the year ended September 30, 2017, and Management's Discussion and Analysis and 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 May 23, 2018.

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. and its wholly owned subsidiaries, 0809882 B.C. Ltd. - (Canada), Legend Power Systems Corp. - (USA) and LPSI (Barbados) Limited - (Barbados), (collectively, the "Company" or "Legend") is an electrical energy conservation company that markets a patented device designed to provide energy savings through Conservation Voltage Reduction (CVR) to owners of commercial and industrial buildings. Most buildings on a power grid receive a higher electrical voltage than required 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. Voltage higher than a building's equipment specifications negatively impacts the lifespan of electrical equipment and unnecessarily increases power consumption. This results in

higher monthly utility bills, premature equipment failure, and a larger than necessary environmental footprint for the affected building. Legend utilizes a proprietary and patented technology to apply the principles of CVR to a building in order to regulate its voltage and lower its total power consumption. By ensuring a consistent and optimized voltage level across all loads, the Electrical Harmonizer helps its customers reduce their electricity bills and maintenance costs while increasing the life of their electrical equipment.

Vision and Strategy
The Company's vision statement is - "To be recognized as a leading global supplier of innovative electrical energy conservation solutions". The Company's product, the Harmonizer, delivers 4% to 8% energy savings for buildings in North America, which is a proportionately significant reduction for companies with large format real estate such as property management companies, big box retail, office buildings, schools, hospitals, multi-unit residential, hotels, etc. The typical payback period on an average system 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 north eastern United States has begun with the establishment of a presence in New York City, which includes 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.

BUSINESS AND OPERATIONAL HIGHLIGHTS

Business Highlights (for the three months ended March 31, 2018)

- Record quarterly revenue of $1.92 million;
- 91% revenue growth over Q2 of previous year;
- 28 units recognized in revenue;
- Blended gross profit margin of 42%.

Operational Highlights

U.S. Expansion
The Company continued to increase awareness of its technology in the New York region by attending and presenting at several industry specific trade shows and with hosted education and awareness events. New partner members were added to the roster of its Distribution Partner Program, which has them working in tandem with the Company's local sales team to promote and sell Harmonizer systems to their trusted network of customers. Legend will work independently and in concert with its distribution network to rapidly address buildings suffering from overvoltage.

The Company recently renewed its Con-Ed Market Partners status and also became an approved Con-Ed Multi-Family Market Partner which allows better leverage to the multi-family incentives available to our clients in New York.

Canada Sales and Operations

The Company is experiencing increased sales activity and orders indicating growth in acceptance of Legend's solution as a viable energy saving option. In particular the Company continues to benefit from strong acceptance in both the K-12 schools and colleges/universities subsets of the education vertical. We are emulating our successful education vertical, sales strategy in the multi-residential, retail, property management and municipal market verticals, complete with dedicated sales representatives for each.

During March and April, Legend channel sales partner Haven Consultants International ("Haven") purchased nine units. Haven has now purchased a total of fifteen Harmonizers from Legend during the last three years for a broad spectrum of clients in eastern Canada. The Company provides turn-key training and distributor support processes for its expanding distribution network which is targeted for specific regions and companies looking to offer unique energy efficiency solutions that compliment their established business model.

The Company secured its second "new construction order", which expands our addressable market. This is the first instance where Legend's technology is being spec'd into a larger switch gear solution being provided by one of the largest electrical firms. We are excited about the growth opportunity to partner with the large electrical integrators.

As part of the Company's strategy to increase blended margins, and with a particular focus on installation costs, we have built out a five-person Ontario install team which provides greater flexibility to complete certain jobs internally and at a materially lower cost than that available through third party contractors.

Working Capital

As at March 31, 2018 the Company had working capital totaling $5.0 million, an increase from the $4.1 million at September 30, 2017. The increase was due in large part to the exercise of 4,464,382 warrants at a price of $0.40 each for total proceeds of $1.8 million in 2018. 100% of all warrants expiring in calendar 2017 were exercised and the Company now has no warrants outstanding.

Subsequently during April 2018, the Company closed a bought deal offering of 12.5 million common shares at a price of $0.80 per share for gross proceeds of $10 million (the "Offering"). The Company paid cash commission to the syndicate of underwriters led by GMP Securities L.P. and including Canaccord Genuity Corp. and Haywood Securities Inc. (collectively, the "Underwriters"), an equal to 6% of the gross proceeds of the Offering subject to a reduced rate of 3% for subscribers on the Company's president's list and issued 664,050 broker warrants to the Underwriters. Each broker warrant entitles the holder to purchase one common share of the Company at the offering price for a period expiring after two years from the date of the grant.

On April 30, 2018, the Underwriters exercised the over-allotment option granted to them in connection with the Offering. As a result, the Company issued an additional 656,000 common shares at a price of $0.80 per Share, for additional gross proceeds of $524,800. The Company paid a cash commission to the Underwriters equal to 6% of the gross proceeds of the over-allotment portion of the Offering and issued 39,360 broker warrants to the Underwriters.

Product Development

The Company successfully launched an energy metering solution which provides real-time energy saving performance data and other power management metrics to customers. This product was developed in response to overwhelming interest expressed by existing customers and sales prospects in having a direct link to the Company's power management solution that resides in the power room of a customer's commercial building. A customer facing beta program is now complete,

including 15+ systems now enhanced with integrated metering, which provides customers access to energy, power and system status readings 24 hours per day, 7 days per week via a web portal. Metering data will assist Legend and its customers assess additional savings mechanisms and fixes for power quality issues that customer may be have previously been unaware of. Feedback from internal and external stakeholders has been positive so far.

Board of Directors

During April 2018 the Company appointed Mr. Cosimo (Cos) La Porta to its Board of Directors. Mr. La Porta is a veteran of the Starbucks Coffee Company, having served 18-years in a number of senior executive operations roles. In his most recent role, Mr. La Porta was the Executive Vice President, US Retail Business at Starbucks, where he provided leadership to a cross-functional team responsible for 150,000 employees, and the operations of 7,600 company operated retail stores with sales exceeding $9 billion.

FINANCIAL RESULTS

Financial summary for the three and six-month periods ended March 31, 2018 and 2017

	Three months ended March 31,		
(Cdn$, unless noted otherwise)	2018	2017	Change
Revenue	1,916,582	1,001,382	91.4%
Cost of sales	1,117,590	489,458	128.3%
Gross margin[1]	798,992	511,924	56.1%
Gross margin %[1]	41.7%	51.1%	(9.4)%
Operating expenses	(1,242,127)	(760,122)	62.9%
Adjusted EBITDA[2]	(255,625)	(119,238)	(114.4)%
Net (loss)	(442,314)	(241,979)	78.2%

	Six months ended March 31,		
(Cdn$, unless noted otherwise)	2018	2017	Change
Revenue	3,199,289	1,646,229	94.3%
Cost of sales	1,966,790	859,146	128.9%
Gross margin[1]	1,232,499	787,083	56.6%
Gross margin %[1]	38.5%	47.8%	(9.3)%
Operating expenses	(2,420,303)	(1,509,069)	60.4%
Adjusted EBITDA[2]	(891,162)	(464,952)	(91.7)%
Net (loss)	(1,189,642)	(719,734)	64.8%

[1] Gross margin is based on a blend of both equipment and installation revenue.
[2] Adjusted EBITDA, is a non-IFRS financial measure. See page 20 for discussion.

Revenue for the second quarter of 2018 was $1,916,582, an increase of 91.4% from $1,001,382 in the same period of fiscal 2017, and for the first half of fiscal 2018 was $3,199,289, an increase of 94.3% from $1,646,229 in the first half of fiscal 2017. The significant increase in revenue in 2018 is due primarily to greater awareness and interest in the Company's technology as well as the growing number of installations showing steady reliability and strong energy savings results.

Gross margin in the second quarter and first half of 2018 was 41.7% and 38.5% respectively, a decrease from 51.1% and 47.8% in the same periods of fiscal 2017. The decreases were due primarily to the higher relative amount of lower margin installation revenue realized in the second quarter and year-to-date periods of fiscal 2018 (32.6% and 41.5% of total revenue respectively compared to 11% and 14% respectively in the same periods of 2017). The lower margins experienced so far in fiscal 2018 are also due to a bias towards sales of the Company's smaller, lower margin units and a large sale to a reseller, under the Company's reseller program, which results in lower margins. The Company has implemented measures to strengthen the capacity and cost-effectiveness of its internal installation services team, the benefits of which are expected to have a material positive impact on margins starting in the second half of fiscal 2018.

Adjusted EBITDA for the second quarter of fiscal 2018 was negative $255,625, a decrease from negative $119,238 in the second quarter of fiscal 2017. First half of fiscal 2018 Adjusted EBITDA was negative $891,162, a decrease from negative $464,952 in the first half of fiscal 2017. The decreases in adjusted EBITDA for the comparative periods is the result of lower gross profit margins as discussed above and higher operating expenses as discussed below in Operating Expenses and Other Items.

We expect that as sales and production volumes increase, and the impact of our installation margin improvement program takes hold, gross margin will improve.

Net loss for the second quarter of fiscal 2018 was $442,314, up from $241,979 in the second quarter of 2017. Net loss for the first half of fiscal 2018 was $1,189,642, up from $719,734 in the first half of 2017.

Operating Expenses and Other Items

	Three-months ended March 31,		
(Cdn$, unless noted otherwise)	2018	2017	Change
Amortization and depreciation	13,990	50,389	(72.2)%
General and overhead	291,323	160,212	81.8%
Professional fees	28,907	45,640	(36.7)%
Salaries and consulting fees	753,477	429,669	75.3%
Share-based compensation	173,520	51,212	238.8%
Warranty provision adjustment	(19,090)	23,000	(183)%
Total operating expenses	**1,242,127**	**760,122**	63.4%

	Six-months ended March 31,		
(Cdn$, unless noted otherwise)	2018	2017	Change
Amortization and depreciation	26,029	98,318	(73.5)%
General and overhead	520,286	323,221	61%
Product development	66,908	-	n/a
Professional fees	52,907	74,265	(28.7)%
Salaries and consulting fees	1,485,241	862,658	72.2%
Share-based compensation	270,613	114,607	136.1%
Warranty provision (adjustment)	(1,681)	36,000	(105.7)%
Total operating expenses	**2,420,303**	**1,509,069**	60.4%

Total operating expenses for the quarter ended March 31, 2018 increased to $1,242,127 up from $760,122 in same period of 2017. Total operating expenses for the first half of fiscal 2018 increased to $2,420,303 up from $1,509,069 in the first half of 2017. The increase is primarily due to the following factors:

- Significant Increases in salaries and consulting fees is associated with the Company's growth and need of additional staff. In the last year the Company has added personnel as to; Sales 6; Marketing 1; Operations 3; and Engineering 1. The Company also incurred recruiting and severance costs which added to the increase in the current fiscal year. In the previous year comparative periods certain salaries were capitalized to development costs, which added to the year over year increases reported. Salaries and consulting fees for the second quarter of 2018 were $753,477, up from $429,669 in the same period of 2017, and year to date costs were $1,485,241 up from $862,658 in the same period of 2017.

- General and overhead costs for the second quarter of 2018 were $291,323, up from $160,212 in the same period of 2017, and year to date costs were $520,286 up from $323,221 in the same period of 2017. The increase in costs

in the both periods of fiscal 2018 was due primarily to higher office related costs and growth in costs associated with sales and business development focused travel, with the Company's expansion in Toronto and New York.

- Share-based compensation expense for the second quarter of 2018 was $173,520, up from $51,212 in the same period of 2017, and year to date expense was $270,613 up from $114,607 in the same period of fiscal 2017. Share-based compensation expense is attributable to grants of incentive stock options to employees, officers, directors and consultants, and is recognized and expensed in relation to the Fair Value and vesting periods associated with the options granted, including past years grants. Variations in the comparative periods is due to the Fair Value of options granted, the timing of option grants and the number of options vesting in each period.

- The increase in total operating expense was also impacted by development costs in the first half of fiscal 2018 of $66,908, compared to $Nil in the first half of 2017 when certain of these costs were capitalized.

- Amortization and depreciation costs for the second quarter of 2018 were $13,990, down from $50,389 in the same period of 2017, and year to date costs were $26,029 down from $98,318 for the year to date of fiscal 2017. The decrease is due to the fact that no amortization of patent costs was recorded in the first half of 2018 as they were fully amortized in fiscal 2017, which was offset slightly by additional depreciation on recent equipment purchases.

- Professional fees for the second quarter of 2018 were $28,907 down from $45,640 in the same period of 2017, and year to date professional fees were $52,907 down from $74,265 in the same period of 2017. The lower costs experienced in the first half of 2018 was due to lower legal fees compared to the first half of 2017.

- There was a decrease in warranty provision for the six months ended March 31, 2018, due to lower warranty fulfillment expense than previously accrued. During the six months and three months ended March 31, 2018, the provision adjustment was ($1,681) and ($19,090) respectively, compared to an expense of $36,000 and $23,000 for the six months and three months ended March 31, 2017, respectively. The Company's Harmonizers are under a 10-year warranty. The Company's calculation of warranty provision is based on estimations and assumptions related to the need for replacement of certain parts of the Harmonizers in the future.

Quarterly Trends

(Cdn$, unless noted otherwise)

	2016		2017				2018	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenue	588,982	42,344	644,847	1,001,382	1,516,813	1,065,714	1,282,707	1,916,582
Gross margin[1]	304,720	(172,443)	275,159	511,924	717,594	150,661	433,507	798,992
Operating expenses	879,240	790,080	748,947	760,122	886,511	1,127,367	1,178,176	1,242,127
Loss before other items	(574,520)	(668,784)	(473,788)	(248,198)	(168,917)	(976,706)	(744,669)	(443,135)
Net loss	(574,370)	(860,925)	(477,755)	(241,979)	(161,510)	(965,443)	(747,328)	(442,314)
Loss per common share[2]	(0.009)	(0.015)	(0.006)	(0.003)	(0.002)	(0.012)	(0.009)	(0.005)

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

While in Q2 F2018 the Company recorded its highest quarterly revenue to date, our revenue, gross margin, loss before other items and net loss results, reflect significant variability, which management deems consistent with a technology company perfecting the execution of its business model. One source of variability has been a seasonal affect which in recent history has had a downward impact on revenue in fiscal Q4. We anticipate future quarterly fiscal results to demonstrate a more consistent trend for revenue, gross margin and eventually overall profitability.

As anticipated, cost of sales and operating costs did also significantly increase in Q2 2018 and were higher than all previous quarters as the company incurred additional personnel and overhead costs associated with building out its team.

Q1 2018 revenue, and gross margin were roughly in line with the average of the prior three fiscal quarters. Operating costs however were higher in Q1 2018 than all previous quarters as the company incurred additional personnel and overhead costs associated with establishing a presence in New York.

Q4 2017 revenue was lower than Q3 due in most part to the seasonality effects associated with our top vertical. Gross margin was also generally lower during Q4 2017 due to adjustments applied to inventory which negatively impacted cost of goods sold; and a proportionately larger amount of lower margin install revenue recognized during the period.

Q3 2017 results showed solid improvement over Q2 2017 and were far superior in all respects to those of the six fiscal quarters up to Q1 2017, which was due to strong revenue growth combined with the Company's success in controlling operating expenses.

Q4 2016 revenue was significantly lower than the trend that had been established in prior quarters of 2016 which was due in part to sales traditionally being slower in Q4 and the fact that orders were received later during the quarter such that installations and the associated revenue could not be completed and recognized in the period.

Gross margin recorded in Q4 2016 was negatively impacted by an inventory write-down totaling $179,081 and an accumulation of installation costs associated with several projects.

Operating expenses were relatively stable in Q3 2017, which corresponded with a period of time when the number of staff was relatively static and the Company had not yet begun incurring expenditures related to U.S. expansion.

FINANCIAL CONDITION, CAPITAL RESOURCES AND OTHER DISCLOSURES

Summary of Consolidated Statement of Cash Flows

	Six months ended March 31		
(Cdn$, unless noted otherwise)	2018	2017	Change
Cash used in operating activities	(430,108)	(2,005,921)	(78.5)%
Cash used in investing activities	(41,397)	(171,768)	(75.9)%
Cash provided by financing activities	1,846,084	2,333,549	(20.9)%
Total change in cash	**1,374,579**	**155,860**	781.9%

Cash used in operating activities
During the first half of fiscal 2018, cash used in operating activities was $430,108, down from $2,005,921 in the same period of fiscal 2017. The decrease in cash consumed is due primarily to changes in working capital items which contributed a relative cash contribution increase of $500,273 which was offset by an increased loss in during Q2 of 2018.

Cash used in investing activities
During the first half of fiscal 2018, cash used for investing activities was $41,397, down from $171,768 in the same period of fiscal 2017. The decrease is due to fact that during the first half of 2017 certain product development costs were capitalized versus being expensed in the first half 2018.

Cash provided by financing activities

During the first half of 2018, cash provided from financing activities was $1,846,084, down from $2,333,549 in the first half of 2017. Proceeds from financing activities during both periods was primarily the result of warrant exercises.

Working Capital Items

(Cdn$, unless noted otherwise)	at March 31, 2018	at September 30, 2017	Change
Cash	2,534,706	1,160,127	118.5%
Accounts receivable	2,203,698	2,637,092	(16.4)%
Inventory	1,019,276	1,010,276	0.9%
Prepaids and deposits	146,298	84,693	72.7%
Total current assets	**5,903,978**	**4,892,188**	20.7%
Trade payables	677,230	592,760	14.2%
Accrued Liabilities	237,954	184,942	28.7%
Total current liabilities	**915,184**	**777,702**	17.7%
Working capital	**4,988,794**	**4,114,486**	21.2%

Liquidity and capital resources measures

As at March 31, 2018, the Company had cash of $2,534,706 (September 30, 2017 - $1,160,127), total current assets of $5,903,978 (September 30, 2017 - $4,892,188) and current liabilities of $915,184 (September 30, 2017 - $777,702). As at March 31, 2018, the Company had working capital of $4,988,794 (September 30, 2017 - $4,114,486) an increase of 874,308. The increase in working capital at March 31, 2018, is due to proceeds of $1,846,084 received by the Company from warrants and options exercises during the period, offset primarily by cash used in operating activities.

In April 2018, the Company completed a $10.5 million bought-deal offering. The Company issued a total of 13,156,000 common shares at a price of $0.80 per share. After a total of $652,888 in cash commission and expenses were paid to the underwriters, the company received net proceeds of $9,871,912 from the offering. The net proceeds will be used to fuel growth initiatives including, but not limited to, the following:

- Expansion to additional US sales regions;
- Joint venture and marketing initiatives;
- The creation of an internally financed shared-energy savings program with potential for recurring revenue streams;
- Working capital for increased sales and inventory levels; and
- Product enhancement and line extensions.

Based on working capital as at March 31, 2018, 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.

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 March 31, 2018 was $2,203,698 compared with $2,637,092 at September 30, 2017, a decrease of $433,394. 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; all of which is completed prior to final invoicing of a customer.

Inventory
At March 31, 2018 inventory was $1,019,276 compared with $1,010,276 at September 30, 2017. The slight increase in inventory is primarily due to the need to carry sufficient materials to meet higher projected unit sales in 2018 and the Company's strategy 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 an inventory of various components, in particular those components with lengthy lead times for delivery.

Prepaids
At March 31, 2018 prepaids items were $146,298 compared with $84,693 at September 30, 2017, an increase of $61,605. The increase is due primarily to prepayment of a third party electrical contractor, and a rent deposit for the Vancouver office, pursuant to new lease agreement discussed below in "Contractual Obligations and Commitment" section.

Current Liabilities
Trade payables and accrued liabilities at March 31, 2018 were $677,230 and $237,954 respectively, compared with $592,760 and $184,942 at September 30, 2017. The increase in trade payables is due primarily to amounts owing to a third-party contractor for partially completed installations and a generally higher level of activity in the Company.

Contractual Obligations and Commitments
On March 22, 2018, the Company entered into an agreement to lease premises in Vancouver, B.C. which requires the following payments in each of the below fiscal periods:

2018	$67,435
2019	$136,539
2020	$139,879
2021	$70,775

The lease payments are subject to changes or increases in additional operating costs 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.

Proposed Transactions
None.

Outstanding Share Data

Class of Security	Number outstanding at September 30, 2017	Net issued (grants, cancellations, exercises)	Number outstanding at March 31, 2018	Net issued (grants, cancellations, exercises)	Number outstanding at May 23, 2018
Shares[1]	82,786,258	4,676,375	87,462,633	13,506,000	100,968,633
Options	8,259,496	(152,826)	8,106,670	(314,999)	7,791,671
Warrants	4,464,382	(4,464,382)	-	-	-
Broker Warrants	-	-	-	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 six months ended March 31, 2018: the Company granted 300,000 options with an exercise price of $0.81 each; 211,993 options were exercised for proceeds of $60,330; and 240,833 options were forfeited. Subsequent to March 31, 2018 and to the date of this report: 300,000 were granted with an exercise price of $0.80 each; 350,000 options were exercised for proceeds of $105,000; and 264,999 options expired or were forfeited.

Warrant exercises
During the six months ended March 31, 2018, 4,464,382 warrants with an exercise price of $0.40 each, were exercised for total proceeds of $1,785,754, leaving no warrants outstanding.

Broker warrants
During April 2018, as part of the bought-deal offering the Company issued 703,410 Broker Warrants. Each Broker Warrant entitles the holder to purchase one Share at $0.80 per share to 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. A discussion of certain risks that may affect the Company, follows.

Uncertainty of Revenues
Since the date of incorporation, the Company has accumulated losses, and while the Company does not expect such losses to continue in the second half of calendar 2018, there can be no assurance that such losses will not continue.

Financing
The ability of the Company to arrange any further financing will depend in part on the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing.

The Company may not be successful in generating sufficient cash from operations or in raising capital in sufficient amounts on acceptable terms to implement its entire business plan. The failure to generate sufficient cash flows or to raise sufficient funds may require the Company to delay or abandon some or all of its plans or otherwise forego market opportunities and may make it difficult for the Company to respond to competitive pressures, any of which could have a material adverse effect on the Company's business, results of operations and financial condition.

Limited Operating History
The Company was founded in 2001 as a research & development company. Until 2011 the Company was in field trials with different products. Beginning in calendar 2015, the Company began marketing and selling in the North American market. The ability of the Company to sustain revenue and income in this market segment is not fully proven, and the Company's limited operating history makes an evaluation of the Company's performance and its prospects difficult. The Company's performance and its prospects must be considered in light of the risks, expenses and difficulties encountered by companies in the field of energy efficiency. To address these risks, among other things, the Company must sell the Electrical Harmonizer and build its brand name effectively, continue to grow its infrastructure to accommodate customers, respond to competitive developments and retain and motivate qualified personnel.

Exchange Rate Fluctuations
A portion of the Company's business may be done in U.S. dollars. Therefore, changes in the exchange rates between the Canadian dollar and U.S. dollar may have an adverse effect on the Company's business, financial condition, future prospects and results of operations.

One Product Company
The success of the Company will be largely dependent upon sales of its Electrical Harmonizer, but the Company has the ability and is planning to introduce additional products, enhanced offerings and line extension based on its core technology.

Dependence Upon New Markets; Uncertainty of Acceptance of Product Offerings
The market acceptance of the Electrical Harmonizer in North America, outside of Ontario, remains to be proven and the Company's future growth will depend upon successful marketing of the Electrical Harmonizer. If the market targeted by the Company fails to develop, develops slower than expected, is successfully and significantly penetrated by competitors or if

the Electrical Harmonizer does not achieve broad market acceptance, the Company's business, results of operations and financial conditions would be materially and adversely affected.

Potential Fluctuations in Results of Operations

The Company does not have an operating history sufficient to assess whether significant fluctuations in operations on a quarterly and/or annual basis will occur. Results of operations may vary partly due to factors which are outside of the Company's control. These factors may include:

a) demand for, and market acceptance of the Company's products;
b) introduction of products by competitors;
c) reliable continuity of service;
d) reliable supply of materials to the Company;
e) customer retention;
f) currency fluctuations;
g) changes in the pricing policies of suppliers; and
h) timing and magnitude of expenditures on advertising and promotion.

Competition

The Company holds patents covering unique aspects of its technology and is continually investigating opportunities for adding to its intellectual property portfolio. Attempts have been made by one other company to achieve voltage regulation electronically, albeit unsuccessfully. There is also a company in the United Kingdom that sells similar equipment but without the critical capability of voltage regulation in the North American market. The Company believes that no potential competitor has all of the capabilities and features of the Electrical Harmonizer. The Company believes that there are no direct competitors today that are focusing on the same target market due to its patent protections. The Company may, however, face additional competition from new market entrants. If and when that does occur in the future, the Company will respond appropriately.

Management of Growth

The Company's business plan involves expansion of its customer base and technologies resulting in additional funding requirements and hiring of new employees. This growth could potentially place a significant strain on the Company's financial, management and operational resources. The Company's management, personnel, systems, procedures and controls may not adequately support a rapid expansion. If the Company's executives are unable to manage growth effectively, the Company's business, results of operations and financial condition could be materially and adversely affected.

Dependence on Key Personnel

The Company's success depends in significant part upon the continued services of its key technical, sales and senior management personnel. Any officer or employee of the Company can terminate his or her relationship with the Company at any time. There is no assurance the Company can maintain the services of those individuals or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

The Company's future success will also depend on its ability to attract, train, retain and motivate highly qualified technical, marketing, sales and management personnel. Competition for such personnel is intense, and the Company may not be able to attract and retain key personnel. The loss of the services of one or more of the Company's key employees or the Company's failure to attract additional qualified personnel could have a material adverse effect on the Company's business, results of operations and financial condition.

Suppliers

The business failure of suppliers or any adverse impact upon them such as shortages of materials, labor strife or unrest, inability to obtain transportation for the manufactured units may adversely affect the Company's ability to meet its financial objectives. Reliance on suppliers also subjects the Company to the risks of shortage of components, the possibility of

defective parts produced by others, and increases in component costs, all of which may adversely affect the Company's profitability.

In its manufacturing and assembly processes, the Company requires quality components to be supplied by third parties. Failure of such third-party suppliers to meet component delivery schedules may disrupt production schedules at the Company.

Installation

The Company generates revenue through direct product sales, product sales and installations and in limited circumstances, ongoing energy savings revenue from past product installations. Electrical Harmonizer installations are done partly by the Company's employees and partly by local qualified electrical contractors. The ability to install the Electrical Harmonizer in a timely fashion will be dependent on the availability of such contractors. While there is a Canadian Electrical Code that sets minimum standards that apply to the installation of the Electrical Harmonizer, there can be variations in the cost of installation. Going forward, the Company's strategy is to enhance distributorship channel sales, and as such, should have reduced exposure to the installation side of business.

Government Regulation

Canadian and American, Provincial/State and Federal statutes concerning electrical safety require the Company's products to be approved listed products. All products manufactured, sold and installed by the Company are subject to safety certification procedures by approved safety bodies, and are listed products.

Insurance

A defect in the products manufactured by the Company or in the installation process could result in serious personal injury, property damage, and lost hours of operation and revenue. Although the Company carries general liability insurance of up to $10,000,000, it is not fully insured against all risks, nor are all such risks fully insurable.

Product Liability

A malfunction of the Company's products could result in tort or warranty claims. Even where a claim is without merit, the costs of defending could be substantial in terms of actual monetary expense as well as diversion of managerial attention. Any liability for damages resulting from malfunctions of the Company's products or other costs incurred to remedy the problem, such as product recalls, could be substantial and could increase the Company's expenses and prevent the Company from growing its business. In addition, a well-publicized actual or perceived problem could adversely affect market perception of the Company's products. This could result in a decline in demand for the Company's products, which would reduce its revenue and harm its business.

Dividends

During the most recently completed financial period, no dividends were paid on the common shares issued and outstanding. It is not expected that dividends will be paid on the common shares in the foreseeable future as it is the Company's current policy to retain earnings to finance expansion and to otherwise fund operations, unless profits far exceed such requirements. Future payment of dividends will be dependent upon the Company's financial condition, financial requirements to fund future growth, and other factors the Board of Directors may consider appropriate in the circumstances. Until the Company pays dividends, which it may never do, shareholders will not be able to receive a return on their common shares unless they sell them.

Rapid Growth

Internal growth is a principal component of the Company's strategy, and the Company anticipates undergoing a period of expansion in its business. If the Company fails to sustain or effectively manage such growth, its operating results will fluctuate and suffer. The Company's growth depends on its ability to accomplish a number of things, including identifying and developing new geographic markets, developing new products and market acceptance for them, increasing the

Company's manufacturing and outsourcing capacity, maintaining current customer and distributor relationships and developing new ones, and successfully managing expansion and arranging the necessary financing.

Any growth the Company achieves will require additional personnel and will increase the scope of both its operating and financial systems and the geographic area of its operations. This will increase its operating complexity and may place significant strain on its management and other resources. The Company may not be able to attract and retain qualified personnel, and its current operating and financial systems and controls may not be adequate to support such growth. The Company's ability to improve its systems and controls may be limited by increased costs, technological challenges or lack of qualified personnel. In addition, the Company's past results may not be indicative of the Company's future prospects or ability to penetrate new markets, which may have different competitive conditions and demographic characteristics than current markets. Failure to effectively manage the budgeting, forecasting and other process control issues arising from growth could materially and adversely affect the Company's business, financial condition and results of operations. In addition, the Company's expense levels are based, in part, on expected future revenues and the Company is limited in its ability to reduce expenses quickly if for any reason its purchase orders do not meet expectations in a particular quarter or year.

The Company may also grow through investment in or acquisition of complementary businesses. In connection with any investment or acquisition the Company makes, however, there may be liabilities that the Company fails to discover or is unable to discover and for which the Company, as successor owner, may be responsible. In addition, acquisitions often result in difficulties in integration, which may place significant strain on management and other resources and disrupt business operations.

Share Price

Legend's share price has been highly volatile following its TSX-V listing on July 3, 2008 due to market conditions and may continue to experience significant fluctuation in the future. Among the factors that could affect Legend's share price are: quarterly variations in operating results, news announcements, research reports by analysts and other developments with respect to the Company's industry or competitors, changes in general market conditions, lack of liquidity in the marketplace and domestic and international economic factors unrelated to the Company's performance.

The markets for equity securities of technology companies have been highly volatile recently and the market price of Legend's common shares may be subject to innovations or new products by the Company or its competitors, fluctuations in energy prices, patent or proprietary rights developments and market conditions for high technology stocks in general. In addition, stock markets in recent years have experienced extreme price and volume fluctuations that often have been unrelated or disproportionate to the operating performance of individual companies. These market fluctuations may adversely affect the market price of Legend's shares. There can be no assurance that the trading price of Legend's shares will remain at or near the current trading price.

RELATED PARTY DISCLOSURES

The Company entered into the following related party transactions during the three months ended December 31, 2017 and 2016. 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 six months ended March 31, 2018 and 2017, the following amounts were incurred with respect to the Company's CEO (Mr. Randy Buchamer), and CFO (Mr. Steve Vanry):

	Three months ended March 31		Six months ended March 31	
(Cdn$, unless noted otherwise)	2018	2017	2018	2017
Salaries – R. Buchamer	56,250	50,000	112,500	100,000
Consulting fees – S. Vanry	43,327	34,938	75,889	65,451
Share based compensation – R. Buchamer	16,336	33,890	36,705	68,283
Share based compensation – S. Vanry	8,168	4,705	18,352	5,648
Total	**124,081**	**123,533**	**243,446**	**239,382**

Transactions with Other Related Parties

During the three and six months ended March 31, 2018 and 2017, the following amounts were incurred with respect to the Company's non-executive directors (Messrs. Michael Atkinson, Jamie Blundell, Michael Harcourt, Matt Walker and Dave Guebert):

	Three months ended March 31		Six months ended March 31	
(Cdn$, unless noted otherwise)	2018	2017	2018	2017
Share based compensation – M. Atkinson	4,854	6,211	10,989	13,470
Share based compensation – J. Blundell	2,679	1,250	5,956	2,969
Share based compensation – M. Harcourt	1,832	1,117	4,094	2,633
Share based compensation – M. Walker	1,832	1,250	4,094	2,969
Share based compensation – D. Guebert	4,706	2,790	10,393	6,085
Total	**15,903**	**12,618**	**35,526**	**28,126**

NEW ACCOUNTING STANDARDS NOT YET ADOPTED

Based on accounting analysis, the Company does not currently expect that IFRS 15 and IFRS 9 will have a material impact on its consolidated financial statements.

(i) IFRS 9 - *Financial Instruments*. This standard partially replaces IAS 39 - *Financial Instruments: Recognition and Measurement*. IFRS 9 measures financial assets, after initial recognition, at either amortized cost or fair value. Existing IAS 39 classifies financial assets into four measurement categories. The standard is effective for annual periods beginning on or after January 1, 2018. In the year of adoption, the Company is required to provide additional disclosures relating to the reclassified financial assets and liabilities.

(ii) IFRS 15 - *Revenue from contracts with customers.* IFRS 15 is effective for annual periods beginning on or after January 1, 2018. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. The new standard will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial risk management objectives and policies

The Company's financial instruments include cash, receivables, accounts payables, accrued liabilities, and finance fee payable. 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 has not entered into any derivative instruments to manage foreign exchange fluctuations.

At March 31, 2018 the Company has no significant foreign currency denominated financial liabilities, and did not hold any significant foreign currency denominated financial assets.

Interest rate risk

The Company is not exposed to significant interest rate risk.

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 believed to be creditworthy. Receivables are comprised primarily of amounts due from various customers. The Company does not believe it is exposed to significant concentration of credit risk. Receivables from one of our customers accounted for 18% of the Company's accounts receivable balance at March 31, 2018.

Liquidity risk

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities.

EBDITA RECONCILIATION

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, as well as unusual non-operating items such as insurance settlement. Warranty expense is no longer included in the Adjusted EBITDA calculation, as such historical amounts have been updated.

	Three months ended March 31		Six months ended March 31	
(Cdn$, unless noted otherwise)	2018	2017	2018	2017
Net loss	(442,314)	(241,979)	(1,189,642)	(719,734)
Add / (deduct):				
Foreign exchange	3,982	27,359	10,397	44,109
Interest income	(4,803)	(6,219)	(8,559)	(2,252)
Amortization	13,990	50,389	26,029	98,318
Share based compensation	173,520	51,212	270,613	114,607
Adjusted EBITDA	**(255,625)**	**(119,238)**	**(891,162)**	**(464,952)**

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 six-month periods ended March 31, 2018 and 2017;
· the Company's consolidated financial statements for the years ended September 30, 2017 and 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
May 23, 2018