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Legend Power Systems Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Six months ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

Dated May 22, 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 May 22, 2019, and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and six months ended March 31, 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 May 22, 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 Q2 the Company recognized revenue from the sale of 7 SmartGATE systems sold and installation revenue associated with the commissioning of 6 SmartGATE units as well as minor revenue associated with the sale of add-on features to several existing customers. Six systems recognized in revenue were sold in the multi-residential and education verticals with one system sold to a reseller. All sales were in Canada.

Sales and Marketing Leadership
Mike Cioce joined Legend as our first VP Sales & Marketing after his initial engagement as a sales consultant to the Company. After Mike's first completed quarter as legend's sales leader, we are seeing strong improvement in our sales processes, systems, and techniques resulting in meaningful sales productivity improvements.

Marketing
The Company has allocated $1 million for "top of funnel" marketing initiatives including almost $400k to outsourced lead generation. During mid-April 2019 the outsourced lead development service utilized by the Company completed on-boarding and training of 3 dedicated individuals and are projected to enhance our sales funnel by 10 – 20 new prospects per day. The Company has invested in attending and presenting at a roster of key vertical trade shows in both the New York and Toronto areas. We have seen a significant growth in our sales pipeline and increased sales productivity such as shorter sales cycles and improved closing rates.

Business Development
We have invested in establishing business development teams in the Seattle and DC / Baltimore regions. The objective of the teams is to conduct new territory pre-sales awareness and approval. The team is building relationships with key players in the energy ecosystem within each region including utilities, electrical contractors, energy service companies and energy efficiency associations. We believe that the start-up of sales efforts in a new region is best initiated once these critical relationships have been properly cemented. During calendar 2019 our business development teams will also pursue agreements for the placement of initial showcase installations for proof of concept and endorsements opportunities.

Product Development
The Company has recently added experienced, specialized engineers who will play key roles along with the existing team in developing and delivering various product enhancements which comprise our "next generation technology". The new technologies are designed to strengthen our value proposition across all market verticals and include features consistent with providing customers a complete solution for monitoring, optimizing and managing the electrical systems in their commercial buildings.

OUTLOOK

We have observed significant increases in all pre-sale activity related metrics including an increase of 145% in the size of the Company's sales funnel between January 1st and March 31st of 2019. The growth in sales prospects is significant both in New York and Ontario and is well diversified across multiple verticals. We have increasing confidence that the recent changes made in sales operations, processes and people along with the recently initiated lead generation program are having a material positive impact on sales and will be a catalyst for continued momentum in both of our existing primary sales regions and others yet to be fully established.

FINANCIAL RESULTS

Financial summary for the three and six months ended March 31, 2019 and 2018.

	Three months ended March 31,			Six months ended March 31,		
(Cdn$, unless noted otherwise)	2019	2018 (reclassified)[1]	Change	2019	2018 (reclassified)[1]	Change
Revenue	769,443	1,916,582	(60)%	1,172,843	3,199,289	(63)%
Cost of sales[2]	355,329	919,997	(61)%	432,161	1,723,920	(75)%
Gross margin[3]	414,114	996,585	(58)%	740,682	1,475,369	(50)%
Gross margin %[3]	54%	52%	2%	63%	46%	17%
Operating expenses	(1,845,557)	(1,443,702)	28%	(3,330,400)	(2,673,570)	24%
Adjusted EBITDA[4]	(1,285,984)	(255,625)	(403)%	(2,334,336)	(891,162)	(162)%
Net loss	(1,402,451)	(442,314)	217%	(2,493,783)	(1,189,642)	110%

[1]Previous year columns have been reclassified to conform with the presentation of fiscal 2019 periods.

[2]Components of Cost of Sales has been adjusted to better conform with typical 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 second quarter of 2019 was $769,443, a 60% decrease from $1,916,582 in the same quarter of 2018. Revenue for the six months ended March 31, 2019 was $1,172,843 a 63% decrease from $3,199,289 in the same period 2018. All of the revenues in both periods are attributable to Legend Canada.

Gross margin in the second quarter of fiscal 2019 was 54%, an increase from 52% in second quarter of 2018. Gross margin in the first half of fiscal 2019 was 63%, an increase from 46% over the first half of 2018. The significantly higher gross margin experienced in the first half of 2019 was primarily due to the results of an increase in inventory valuation in the amount of $138,891, materially reducing cost of goods sold reported during the period. All gross margin was attributable to Legend Canada in both comparative periods.

Adjusted EBITDA for the second quarter of fiscal 2019 decreased to negative $1,285,984, from negative $255,625 in the second quarter of 2018. Adjusted EBITDA for the first half of fiscal 2019 decreased to negative $2,334,336, from negative $891,162 in the first half of fiscal 2018. We expect this trend to continue during implementation of the Company's US growth strategy throughout 2019 as significant investment in the build out of new regions takes place.

Net loss for the second quarter of fiscal 2019 was $1,402,451, an increase of 217% from $442,314 in the second 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 first six months of 2019 was $2,493,783, an increase of 110% from a loss of $1,189,642 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 explained below.

i) Legend Canada incurred a loss of $709,200 in the second quarter of fiscal 2019, compared to $430,674 in the second quarter of fiscal 2018. The increase in comparative loss in the second quarter of 2019 was due primarily to reallocation of a number of employees to focus on the Company's U.S. growth strategy which was offset by a reduced gross margin and generally higher general and overhead costs.

ii) Legend U.S. incurred a net loss of $693,251 in the second quarter of 2019 compared with $11,640 in the same quarter of 2018 and for the first half of fiscal 2019 a net loss of $1,103,372 compared with $59,133 in the same period of 2018. The increased loss is due to significant investments in salaries for ongoing business development and sales activities in NY as well as attendance at several U.S. trade shows. See Operating expenses and other items – Legend U.S. Results below.

The Company's operating expenses for the second quarter of 2019 were $1,845,557, up from $1,443,702 in the same quarter of 2018 and for the first six months of fiscal 2019 were $3,330,400 up from $2,673,570 in the same six months 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.

Operating Expenses and Other Items

	Three-months ended March 31,			Six months ended March 31,		
(Cdn$, unless noted otherwise)	2019	2018 (reclassified)	Change	2019	2018 (reclassified)	Change
Salaries and consulting fees	1,238,925	753,477	64%	2,131,884	1,485,241	43%
General and overhead	225,888	227,123	0%	525,996	389,576	35%
Selling costs	96,394	261,793	(63)%	197,015	373,580	(47)%
Product development	8,210	-	n/a	19,521	66,908	(71)%
Professional fees	74,072	28,907	156%	108,679	52,907	105%
Share-based compensation	69,294	173,520	(60)%	164,383	270,613	(39)%
Amortization and depreciation	62,863	13,990	349%	99,404	26,029	282%
Warranty provision (adjustment)	56,609	(19,090)	396%	91,923	(1,681)	5568%
Foreign exchange (gain) loss	13,302	3,982	234%	(8,405)	10,397	(181)%
Total operating expenses	**1,845,557**	**1,443,702**	28%	**3,330,400**	**2,673,570**	24%

Legend Canada – Significant Operating Expenses:

- Salaries and consulting fees for the three and six months ended March 31, 2019 were $684,135 and $1,268,683 respectively, down from $753,477 and $1,443,731 in the same periods of 2018. The lower salaries and consulting fees in fiscal 2019 was due to reallocation of a number of employees to focus on the Company's U.S. growth strategy.

- General and overhead costs for the three and six months ended March 31, 2019 were $141,302 and $334,118 respectively, up from $215,483 and $371,953 in the same periods of 2018. The increase in general and overhead costs in the first half of 2019 was due primarily to increased sales and business development focused travel, higher office related costs, as well as marketing and filing fees.

- Selling costs in the three and six months ended March 31, 2019 were $80,938 and $181,559 respectively, down from $261,793 and $373,580 in the same periods of 2018. Selling costs is comprised primarily of sales commissions and fees paid to the Ontario Education Collaborative Marketplace ("OECM").

- 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 six months ended March 31, 2019 was $69,294 and $164,383 respectively, compared to $173,520 and $270,613 in the same periods of 2018. During the first six months of fiscal 2019, a total of 705,000 stock options were granted to employees and consultants, compared with 300,000 granted to directors and employees in the same period of 2018.

- Product development costs were for the three and six months ended March 31, 2019 were $8,210 and $19,521 respectively, compared to $nil and $66,908 in the same periods of 2018. The primary reason for the decrease in fiscal 2019 development costs was the capitalization of the majority of product development related costs to intangible assets, which in the comparative period were expensed.

- Warranty provision for the three and six months ended March 31, 2019 was $56,609 and $91,923 respectively, compared with warranty adjustments of ($19,090) and ($1,681) 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.

- Amortization and depreciation costs for the three and six months ended 2019 were $62,130 and $98,377 respectively, up from $13,990 and $26,029 in the same periods of 2018. The increase is due to additional depreciation of recent equipment purchases and amortization of product development costs which was initiated in the third quarter of fiscal 2018.

Legend U.S. – Significant Operating Expenses:

- Salaries and consulting fees for the three and six months ended March 31, 2019 were $554,790 and $863,201 respectively, up from $nil and $41,510 in the same periods of 2018. The comparative increases are due primarily to the hiring of seven new staff members during the half of fiscal 2019 as well as costs associated with the transfer of two Legend Canada sales team staff from Toronto to New York in fiscal 2018. The increase in salaries and consulting fees are as a result of staffing up for the Company's U.S. growth strategy.

- General and overhead costs for the three and six month ended March 31, 2019 were $84,586 and $191,878 respectively, up from $11,640 and $17,623 in the same periods of 2018. The startup and growth of U.S. operations in the second half of fiscal 2018 has resulted in a significant increase in general and overhead costs comprised of business development focused travel, marketing, rent, and office expenses.

Quarterly Trends

Certain amount for the 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	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	(Reclassified)							
Revenue	1,516,813	1,065,714	1,282,707	1,916,582	2,112,341	1,283,433	403,400	769,443
Gross margin[1]	815,957	177,642	478,784	996,585	1,310,259	205,181	326,568	414,114
Operating expenses	984,874	1,149,350	1,229,868	1,443,702	1,489,196	1,465,944	1,484,843	1,845,557
Operating loss	(168,917)	(976,706)	(751,084)	(447,117)	(178,937)	(1,260,763)	(1,158,275)	(1,431,443)
Net loss	(161,510)	(965,443)	(747,328)	(442,314)	(187,847)	(1,181,896)	(1,091,332)	(1,402,451)
Loss per common share[2]	(0.002)	(0.012)	(0.009)	(0.005)	(0.002)	(0.011)	(0.011)	(0.014)

[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 9 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 two 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 quarter. 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 Q2 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 period between Q3 2018 and Q1 2019 operating expenses were relatively stable but during Q2 2019 began to increase due to continuation of the Company's 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)	2019	2018	Change
Cash used in operating activities	(1,269,261)	(438,667)	189%
Cash used in investing activities	(209,578)	(32,838)	538%
Cash provided by financing activities	76,000	1,846,084	(96)%
Total change in cash	**(1,402,839)**	**1,374,579**	(202)%

Cash used in operating activities
During the six months ended March 31, 2019, cash used in operating activities was $1,269,261, up from $438,667 in the same period of 2018. The decrease in cash used in operating activities is due in most part to approximately $1.6 million in cash received from customers, offset by an increased loss during the period of over $1.3 million, purchase of inventory of $357,241 and a net change in accounts payable of $260,885.

Cash used in investing activities
During the six months ended March 31, 2019, cash used for investing activities was $209,578, an increase from $32,838 in the same period of 2018. The increase is primarily due to product development costs of $227,737 compared to $nil in previous year, offset by higher interest income received of $39,457 compared to $8,559 in the first half of fiscal 2018 and by purchase of equipment of $21,298 in the first half of fiscal 2019 compared to $41,397 in the first half of fiscal 2018.

Cash provided by financing activities
During the first half fiscal 2019, there was $76,000 received from the exercise of 380,000 stock options, while in the first half of 2018 total proceeds from financing activities were $1,846,084 from exercises of 4,464,382 warrants and 211,993 stock options.

Working Capital Items

(Cdn$, unless noted otherwise)	at March 31, 2019	at September 30, 2018	Change
Cash	8,655,297	10,046,366	(14)%
Trade receivable	609,077	1,573,298	(61)%
Due from customers on contract	659,845	1,361,126	(51)%
Inventory	1,552,578	1,066,592	45%
Prepaids and deposits	185,562	192,603	(4)%
Total current assets	**11,662,359**	**14,239,985**	(18)%
Trade payables	260,547	501,138	(48)%
Accrued Liabilities	185,151	79,665	132%
Warranty provision	39,230	40,863	(4)%
Total current liabilities	**484,928**	**621,666**	(22)%
Working capital	**11,177,431**	**13,618,319**	(18)%

Liquidity and capital resources measures

As at March 31, 2019, the Company had cash and cash equivalents of $8,655,297 (September 30, 2018 - $10,046,366), total current assets of $11,662,359 (September 30, 2018 - $14,239,985) and current liabilities of $484,928 (September 30, 2018 - $621,666). As at March 31, 2019, the Company had working capital of $11,177,431 (September 30, 2018 - $13,618,319).

Based on working capital as at March 31, 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.

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, 2019 was $609,077 down from $1,573,298 at September 30, 2018 (both amounts 100% attributable to Legend Canada). 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 $659,845 at March 31, 2019 and $1,361,126 at September 30, 2018 (both amounts 100% attributable to Legend Canada), relates to work performed relating to product sales where revenue has been recognized, but customers have not yet been invoiced. The 51% decrease in amounts due from customers on contract is due to a large number of invoices issued in respect of installations completed since September 30, 2018.

Inventory

Inventory at March 31, 2019 was $1,552,578, a 45% 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 half 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.

Prepaids

There was a slight decrease in prepaid amounts at March 31, 2019 to $185,562, down from $192,603 at September 30, 2018. An amount of $93,811 (September 30, 2018 - $177,071) of prepaids was attributable to Legend Canada and $91,751 (September 30, 2018 - $15,532) to Legend U.S.

Current Liabilities

Trade payables and accrued liabilities at March 31, 2019 were $260,547 and $185,151 respectively, compared with $501,138 and $79,665 at September 30, 2018. The decrease in accounts payable is due primarily to payment of outstanding amounts associated with installation costs and commission payable. Trade payables are comprised of $250,774 (September 30, 2018 - $480,708) attributable to Legend Canada and $9,773 (September 30, 2018 - $20,430) attributable to Legend U.S. An amount of $19,441 of trade payables in Legend Canada is for amounts due to related parties (September 30, 2018 - $28,915). Accrued liabilities is comprised of $174,794 (September 30, 2018 - $61,263) attributable to Legend Canada accruals for accrued installation costs, audit and filing fees, while $10,357 (September 30, 2018 - $17,402) is attributable to Legend U.S. accruals primarily for consulting and tax filing. At March 31, 2019 current portion of warranty provision was $39,230 (September 30, 2018 - $40,863) which is all attributable to Legend Canada.

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	$90,080
2020	$143,327
2021	$70,774

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.

During the three months ended March 31, 2019 an amount of $59,940 (2018 - $41,205) was recorded to rent expense for the monthly lease payments; and for the six months ended March 31, 2019, $105,060 (2018 - $64,543) was recorded to rent expense for the monthly lease payments.

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 March 31, 2019	Net issued (grants, cancellations, exercises)	Number outstanding at May 22, 2019
Shares[1]	101,462,803	380,000	101,842,803	7,500	101,850,303
Options	7,113,333	(226,666)	6,886,667	282,500	7,169,667
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 six months ended March 31, 2019, 705,000 stock options were granted, 380,000 were exercised, 385,000 expired and 166,666 stock options were forfeited. Subsequent to March 31, 2019 and to the date of this report a total of 7,500 stock options were exercised and 290,000 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 six months ended March 31, 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 six months ended March 31, 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 March 31,		Six months ended March 31,	
	2019	2018	2019	2018
Salaries – R. Buchamer	61,050	56,250	117,300	112,500
Consulting fees – S. Vanry	46,250	43,327	98,437	75,889
Share based compensation – R. Buchamer	17,200	16,336	33,641	36,705
Share based compensation – S. Vanry	8,601	8,168	16,821	18,352
Total	**133,101**	**124,081**	**266,199**	**243,446**

Transactions with Other Related Parties

During the three and six months ended March 31, 2019 and 2018, the following amounts were incurred with respect to the Company's non-executive directors (Messrs. Michael Atkinson, Jamie Blundell, Matt Walker, Dave Guebert, Cosimo La Porta[(1)], and Michael Harcourt[(2)]):

(Cdn$, unless noted otherwise)	Three months ended March 31,		Six months ended March 31,	
	2019	2018	2019	2018
Share-based compensation	14,562	15,904	51,467	35,526

[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.*

At March 31, 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 Legend U.S. and expenses incurred in U.S. dollars. As at March 31, 2019 all of Company's liquid assets and liabilities were held in Canadian dollars and US 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 US dollar by 10% relative to the value of the Canadian dollar would have affected the Company's results of operations for the six months ended March 31, 2019 by approximately $90,000 (2018 - $5,000).

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 six months ended March 31, 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 six months ended March 31, 2019 by approximately $93,000 (2018 - $18,000). 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 March 31, 2019, receivables from four customers accounted for 37%, 31%, 13% and 11% respectively of the Company's receivable balance for a total of 92%

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 March 31, 2019 the Company had cash and cash equivalents of $8,655,297 to settle its current liabilities of $484,928.

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 December 31,		Six months ended March 31,	
(Cdn$, unless noted otherwise)	2019	2018	2019	2018
Net loss	(1,402,451)	(442,314)	(2,493,783)	(1,189,642)
Add / (deduct):				
Foreign exchange	13,302	3,982	(8,405)	10,397
Interest income	(28,992)	(4,803)	(95,935)	(8,559)
Amortization and depreciation	62,863	13,990	99,404	26,029
Share based compensation	69,294	173,520	164,383	270,613
Adjusted EBITDA	**(1,285,984)**	**(255,625)**	**(2,334,336)**	**(891,162)**

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 six months ended March 31, 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
May 22, 2019