Legend Power Systems Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Years ended September 2016 and 2015

(Expressed in Canadian Dollars)

Dated January 23, 2017

ABOUT THIS MD&A

This discussion and analysis of financial position and results of operation is prepared as at January 23, 2017, and should be read in conjunction with the consolidated financial statements and the accompanying notes for the years ended September 30, 2016 and 2015 of Legend Power Systems Inc. ("Legend" or the "Company"). The following disclosure and associated financial statements are presented in accordance with IFRS. Except as otherwise disclosed, all comparative information provided is 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.

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 approves 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 commercial and industrial customers. Many customers receive higher voltage levels than required from electrical utilities at certain points of the grid as the utilities attempt to reduce line loss across the feeder length. Higher than nominal voltage can affect the lifespan of electrical equipment and result in higher monthly utility bills. Legend utilizes a proprietary method that embodies the CVR concept. Legend's solution lowers demand and consumption through regulating voltage to maximize the efficiency of individual buildings. By ensuring the optimal voltage for the user's building, the Electrical Harmonizer helps customers reduce their electricity bills and maintenance costs while increasing the life of 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 fairly 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 increasing energy costs in most jurisdictions.

Legend's business plan is to aggressively expand out our sales plan, based on proven customer results and key recommender product adoption in the Province of Ontario. We will expand into the north eastern United States in fiscal 2017. It is management's view that successful expansion into the United States or any other new market is dependent on three primary criteria 1) high, local electrical energy costs; 2) local government incentives for customers to purchase our technology; and 3) endorsement of our technology by "Key Influencers", such as local utilities and electrical contractors. We define Key Influencers as individuals or organizations in our target markets with whom Legend has proved out the performance of our solutions and developed a relationship such that they understand and endorse our technology, its benefits and applicability for potential customers within their sphere of influence.

The Company has recently completed research and development projects which have provided new and or enhanced products for; 1) Canada's modern 600 volt standard which allows Legend to better address opportunities in market verticals such as retail, commercial and light industrial; 2) Canada's older 208 volt standard which is aimed at the multi residential and schools verticals; and 3) the 480 volt market which provides capabilities for all verticals in the US market. Currently, our research and development is focused on the development of a new architectural platform with the aim of achieving greater customer energy savings in all of our geographic and market verticals along with improved margins for the Company. The ability to visually display energy usage data to improve energy decisions will be a key feature of our next generation architecture.

The Company also intends to expand our offering of financing solutions for potential customers with either third party leasing options or in-house ESPA (Energy Savings Purchase Agreements), which provide revenue sharing plans with zero to minimal down payments.

OVERALL PERFORMANCE

For the year ended September 30, 2016

Summary:

- achieved revenue of $2.08 million
- blended gross profit margin of 30.3%
- 15 unique customer transactions
- total of 36-unit sales
- $57,754 average unit sales price

Fiscal 2016 was a positive and transformative year for Legend. Our product evolved to become widely accepted as a proven energy saver in Ontario commercial buildings; it was the year the Company established what it believes are the five pillars critical for significant sales growth and future success (product excellence, operational capacity, strong sales and marketing capabilities and systems, an excellent people development platform and appropriate working capital).

The past-year was the first year for which Legend achieved real order flow, a game-changer that had us committed to developing product and operational excellence. With this solid foundation in place, we see 2017 as the year to shift our focus to the pursuit of rapid sales growth while continuing to emphasize leading energy saving solutions combined with operational best practices and people development.

The Pillars

Product Excellence

- Our products are consistently meeting or exceeding customer expectations in a broad spectrum of commercial buildings from multiple different market verticals
- We filed additional patents for our enhanced next generation (and improved architecture) technology and expect to release our next generation product for sale by October 1, 2017. The new platform will provide additional energy savings for our customer's buildings, decrease our cost of goods sold, provide an interface to visually present useful data for our customers to proactively manage their buildings electrical environments and be a platform which allows customers to seamlessly integrate various electrical efficiency technologies and add-ons beyond Legend's existing product capabilities
- We expect the significant enhancements in our next generation technology to generate the opportunity to continually enhance our portfolio of intellectual property / patents and provide an enhanced architecture to greatly improve the depth and capabilities of our solutions and ability to rapidly grow revenue by expanding our reach

Operational Capacity

- We have significantly improved our product assembly capacity through improved operating systems, processes and skills enhancement programs
- Our carefully managed inventory control system has been developed to match our recently improved production capacity and growth in sales unit forecasts
- Legend is well positioned with the capacity to attain sales growth and improved margins with only minimal increase in variable cost and without additional capital investment
- Our ability to execute in delivering on-time and well executed installation services has been strengthened through a core of dedicated electrical contractor partners and the establishment of an "in-house" install team
- The growing and mutually beneficial relationship with strong electrical partners has provided the additional benefit of feeding reseller opportunities to our sales funnel
- We have enhanced our operations capabilities with the addition of a seasoned finance professional who has assumed the dual role of Chief Financial Officer and Chief Operating Officer

Strong Sales and Marketing Capabilities

- During 2016, Legend's sales team extended the number of verticals within which we have attained at least one sale and have a key recommender account, to 13; we also achieved our goal of at least three follow-on orders during the year
- The growth in number of key recommenders representing multiple verticals has provided the critical third party product endorsement needed to propel sales of the company's technology. Additionally, some of the key recommenders will evolve to represent Legend and our solutions in distinct geographical areas as independent resellers
- During 2016, Legend's sales team made strong progress. With the addition of an experienced Director of Marketing to lead implementation of our marketing plan, and restructuring of our sales team personnel, we expect significant sales growth in 2017
- We have hired a proven field operations executive to be based in Toronto and build out our customer support team and processes. Our customer focused, repeatable business development and field operations will drive improvements to our Ontario customers, "Legend experience" and expedite our multi-region US growth strategy and shorten the timeline from first order to installation

People Development Platform

- We are dedicated to constantly improving our team at Legend and ensuring we are viewed by top talent as an outstanding career, offering opportunity at the right place and the right time
- Recent expansion of our team and a "hire from within" mentality has seen our people step into important leadership roles; bringing their breadth of experience and can do attitude to new and exciting challenges

Appropriate Working Capital

- With $1.66 million in gross private placement funding and $0.62 million in warrant exercise proceeds received during fiscal 2016, plus $2.33 million in proceeds from warrant exercises received subsequent to fiscal year-end, we feel the Company is well positioned to confidently implement our business plan

During the last 12-months, we have been obsessed with ensuring the critical success pillars were established and constantly strengthened to support our planned sales growth. Establishing these critical pillars did not happen overnight and the process is by no means complete, but we are committed to ensuring the foundation to achieve the success we envision for 2017 and beyond will continue to be in place.

RESULTS OF OPERATIONS

The Company both reports its financial results in and has determined its functional currency to be, the Canadian Dollar (Cdn$).

Financial summary for the years ended September 30, 2016 and 2015

	Years ended September 30		
(Cdn$, unless noted otherwise)	2016	2015 (Restated)	Change
Revenue	2,079,126	202,944	924%
Cost of sales[1]	1,448,896	152,206	851%
Gross margin[2]	630,230	50,738	1,142%
Gross margin %[2]	30.3%	25.0%	5.3%
Operating expenses	3,068,399	2,925,194	4.9%
Operating expenses as % of sales	147.6%	1,441.4%	(1,293)%
EBITDA[3]	(1,744,450)	(1,969,860)	11.4%
Net (loss)[4]	(2,437,363)	(2,876,517)	(15.3)%

[1] Cost of sales includes inventory write-downs.

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

[3] EBITDA; for the years ended September 30, 2016 and 2015, we are disclosing EBITDA, which is a non-IFRS financial measure, as a supplementary indicator of operating performance. We define EBITDA as net income or loss before interest, income taxes, amortization, foreign exchange amounts and non-cash stock based compensation.

[4] Before other items.

Revenue for fiscal 2016 was $2,079,126, significantly up from $202,944 in 2015. The increase in revenue is the result of strong product demand in light of the Company's ability to consistently deliver on energy savings for its customers and the multi-vertical, market penetration being achieved in Ontario.

Gross margin % in fiscal 2016 was 30.3%, up from 25.0% in 2015. Gross margin was negatively impacted in both periods by an inventory write down of $179,081 in 2016 and $29,867 in 2015. Management expects gross blended margin to improve with volume, cost optimization, product mix and the introduction of updates to our technology.

Fiscal 2016 EBITDA was negative $1,744,450 compared with negative $1,969,860 in 2015. The improved EBITDA performance is due primarily to the increase in year over year gross margin of $579,492, which was offset slightly by lower stock based compensation and warranty cost adjustments in 2016.

Net loss for fiscal year 2016 was $2,437,363, down from $2,876,517 in 2015. The Company was able to realize these improved results by achieving significantly stronger sales and gross margin while keeping operating expenses in line with 2015.

Included in the 2016 loss were several significant non-cash items, which totaled $696,219 compared with $983,223 in 2015.

Financial summary for the three-month periods ended September 30, 2016 and 2015

	Three-months ended September 30		
(Cdn$, unless noted otherwise)	2016	2015 (Restated)	Change
Revenue	42,344	30,878	37.1%
Cost of sales[1]	214,787	39,069	450%
Gross margin[2]	(172,443)	(8,191)	(2,005)%
Gross margin %[2]	(407.2)%	(26.5)%	(381)%
Operating expenses	801,538	817,777	(2.0)%
EBITDA[3]	(710,504)	(533,379)	(33.2)%
Net (loss)[4]	(860,925)	(826,484)	4.2%

[1] Cost of sales includes inventory write-downs.
[2] Gross margin is based on a blend of both equipment and installation revenue.
[3] EBITDA; for the three-month periods ended September 30, 2016 and 2015, we are disclosing EBITDA, which is a non-IFRS financial measure, as a supplementary indicator of operating performance. We define EBITDA as net income or loss before interest, income taxes, amortization, foreign exchange amounts and non-cash stock based compensation.
[4] Before other items.

Revenue for the three-months ended September 30, 2016 was $42,344, up from $30,878 in the same period in 2015. The Gross margin % on the Q4 2016 sales was 15.7%, significantly higher than negative 26.5% in the same period of 2015. The negative margin in Q4 2015 was due primarily to an inventory impairment of $29,867 included in cost of goods sold during that quarter.

Operating expenses for the three-month period ended September 30, 2016 were $790,080, a decrease from $817,777 in the same period of 2015.

EBITDA for Q4 2016 was negative $710,504, down from negative $533,379 in Q4 2015 due primarily to significant non-cash adjustments in calculating EBITDA in Q4 2015.

Net loss for Q4 2016 was $860,925, up slightly from $826,484 in the same period of 2015.

Operating Expenses and Other Items

	Three-months ended September 30			Years ended September 30		
(Cdn$, unless noted otherwise)	2016	2015 (Restated)	Change	2016	2015 (Restated)	Change
Amortization and depreciation	46,455	44,336	4.8%	187,622	180,562	3.9%
General and overhead	113,871	88,322	29.0%	517,967	457,645	13.2%
Professional fees	34,338	26,411	30.0%	99,610	109,447	(9.0)%
Product development	22,062	12,702	73.7%	58,556	52,701	11.1%
Salaries and consulting fees	469,238	392,785	19.5%	1,698,547	1,384,043	22.7%
Share-based compensation	107,146	106,422	1.0%	415,127	553,117	(25.0)%
Warranty provision	(3,030)	146,799	(102.1)%	90,970	187,679	(51.5)%
Total operating expenses[1]	**790,080**	**817,777**	(3.4)%	**3,068,399**	**2,925,194**	4.9%

[1] Before other items.

Total operating expenses for the fourth quarter decreased to $790,080 from $817,777 in same period of 2015 whereas fiscal 2016 costs increased to $3,056,941 from $2,925,194 in 2015.

Select expenses include:

- Amortization and depreciation costs for the fourth quarter 2016 were $46,455, up from $44,336 in the same period of 2015 and fiscal year 2016 costs were $187,622, up from $180,562 in 2015. The small increases in both the comparative periods relates to additional depreciation on new equipment purchases in fiscal 2016. Amortization, which relates to patent costs, did not vary in either year over year comparative period.

- General and overhead costs for the fourth quarter 2016 were $113,871, up from $88,322 in the same period of 2015 and fiscal year 2016 costs were $514,509, up from $457,645 in 2015. The increase in costs for both comparative periods was due primarily to the recent growth in costs associated with sales and business development focused travel.

- Professional fees for the fourth quarter were $34,338, up slightly from $26,411 in the same period of 2015 and fiscal year 2016 costs were $99,610, down from $109,447 in 2015. The higher costs in Q4 2016 compared with the same period in 2015 is due to an increase in legal fees for regulatory related filings. The higher professional fees in fiscal 2015 were attributable to legal fees associated with patent filing activities.

- Product development consists primarily of costs relating to the design of the Company's products and to the development and testing of prototypes, not including salaries. These costs for the fourth quarter amounted to $22,062 compared to $12,702 for the same period in 2015 and fiscal year 2016 costs were $58,556, up from $52,701 in 2015. The Company expects these costs to grow over time as it expands and refines its product offering for new vertical market segments.

- Salaries and consulting fees for the fourth quarter were $469,238, up from $392,785 in the same period of 2015 and fiscal year 2016 costs were $1,690,547, up from $1,384,043 in 2015. The increases are due primarily to the addition of personnel as to; sales (2) and accounting (1 part-time), engineering (1) and production (1).

- Share-based compensation expense for the fourth quarter was $107,146, up from $106,422 in the same period of 2015 and fiscal year 2016 expense was $415,127, down from $553,117 in 2015. Share-based compensation expense is attributable to grants of incentive stock options to employees, officers, directors and consultants. Share based compensation is recognized and expensed in relation to the Fair Market Value and vesting periods associated with the options. The small increase witnessed in the three-months ended September 30, 2016 is due primarily to vesting associated with an option grant in Q2 2016. Variation in the year over year periods is due to comparatively lower numbers of options vesting.

- Warranty provision for the fourth quarter were ($3,030), down from $146,799 in the same period of 2015 and fiscal year 2016 was $90,970, down from $187,679 in 2015. The significantly higher warranty costs incurred in both the three and twelve-month periods ended September 30, 2015 were due to a large number of warranty replacements.

Changes in US$ versus Cdn$ Exchange Rate

In spite of recent and significant appreciation in the value of the US$ versus the Cdn$, the Company's financial results were not materially impacted. The Company does not as of yet sell the Harmonizer in the US, but it does purchase several components required for its manufacture, with payment terms denominated in US$. The most significant of these components are transformers, which have to date only increased nominally in Cdn$ cost terms.

Quarterly Trends

(Cdn$, unless noted otherwise)

	2015 (Restated)				2016 (Restated)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	44,293	51,948	75,823	30,880	533,387	914,413	588,982	42,344
Gross margin[1]	17,772	30,803	10,354	(8,191)	141,226	356,727	304,720	(172,443)
Operating expenses	656,875	755,715	694,827	817,777	671,597	716,024	879,240	801,538
Loss before other items	(639,103)	(724,912)	(684,473)	(825,968)	(568,210)	(393,778)	(616,858)	(859,323)
Net loss	(639,618)	(725,427)	(684,988)	(826,484)	(567,969)	(391,761)	(616,708)	(860,925)
Loss per common share[2]	(0.011)	(0.013)	(0.012)	(0.014)	(0.010)	(0.006)	(0.009)	(0.012)

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

Our quarterly revenues, 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. We anticipate future quarterly fiscal results to demonstrate a more consistent trend for revenue, gross margin and eventually overall profitability.

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 could not be completed and revenue recognized in the period. Several commitments for later delivery and installation are expected to be recognized in H2 2017.

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.

Q1, Q2 and Q3 2016 revenues and gross margin were substantially over the 2015 trend, which is due to strong product demand generated by the Company's ability to consistently deliver on energy savings for its customers and the success of our new sales team in penetrating the Ontario market.

Operating expenses have been relatively stable between Q1 2015 and Q4 2016, which is due to management's careful allocation of working capital. Operating expenses are expected to grow in 2017 as the Company undertakes marketing and sales campaigns.

Select Annual Information

	Years ended September 30		
(Cdn$, unless noted otherwise)	2014	2015 (Restated)	2016
Revenue	841,304	202,944	2,079,126
Gross margin[1]	235,429	50,738	630,230
Loss before other items	(1,772,259)	(2,874,456)	(2,438,169)
Net loss and comprehensive loss	(2,011,323)	(2,876,517)	(2,437,363)
Loss per share (basic and diluted)	(0.04)	(0.05)	(0.04)
Total assets	3,307,759	1,735,996	2,319,254
Total long-term financial liabilities	89,000	-	-
Cash dividend	-	-	-

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

FINANCIAL CONDITION, CAPITAL RESOURCES AND OTHER DISCLOSURES

Summary of Consolidated Statement of Cash Flows

	Years ended September 30		
(Cdn$, unless noted otherwise)	2016	2015 (Restated)	Change
Cash used in operating activities	(1,617,826)	(2,630,520)	(38.5)%
Cash used in investing activities	(40,931)	(20,068)	104.0%
Cash provided by financing activities	2,255,188	776,627	190.4%
Total change in cash	**596,431**	**(1,873,961)**	131.8%

Cash used in operating activities

During the year ended September 30, 2016, cash used in operating activities was $1,617,826, down from $2,630,520 from the same period in 2015, a significant decrease which is due primarily to a significantly reduced net loss during the year. Changes in non-cash working capital items were negative $32,793, down significantly from negative $653,294 in the same period of 2015. This decrease was due primarily to a significantly larger inventory buildup in 2015, offset by an increase in receivables in 2016 compared with 2015 and higher accounts payable in 2016.

Cash used in investing activities

During the year ended September 30, 2016, cash used for investing activities was $40,931, up from $20,068 in the same period of 2015. The increase is due to furniture and electronic equipment purchases in the current year.

Cash provided by financing activities

During the year ended September 30, 2016, cash provided from financing activities was $2.26 million, up from $776,627 in 2015. The increase of $1.48 million relates primarily to an equity private placement for gross proceeds of $1.66 million and warrant exercises for gross proceeds of $620,842 in 2016 compared with warrant and option exercises in the 2015 period.

Working Capital Items

(Cdn$, unless noted otherwise)	at September 30, 2016	at September 30, 2015 (Restated)	Change
Cash	1,132,547	536,116	111.3%
Accounts receivable	504,624	165,460	205.0%
Inventory	469,666	642,139	(26.9)%
Prepaids	49,416	82,589	(40.2)%
Total current assets	**2,156,253**	**1,426,304**	51.2%
Trade payables	401,670	189,060	112.5%
Accrued Liabilities	221,779	152,083	45.8%
Total current liabilities	**623,449**	**341,143**	82.8%
Working capital	**1,532,804**	**1,085,161**	41.3%

Liquidity and capital resources measures

As at September 30, 2016, the Company had cash of $1,132,547 (September 30, 2015: $536,116), total current assets of $2,156,253 (September 30, 2015: $1,426,304) and current liabilities of $623,449 (September 30, 2015: $341,143). As at September 30, 2016, the Company had working capital of $1,532,804 (September 30, 2015: $1,085,161).

Based on working capital as at September 30, 2016 plus proceeds of $2,333,550 from warrant exercises subsequent to year-end, estimated cash requirements for the balance of 2017 and the Company's ability to timely collect accounts receivable, management believes the Company has sufficient working capital to continue business operations over at least the next twelve months.

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 September 30, 2016 was $504,624 compared with $165,460 at September 30, 2015, an increase of $339,164. The increase was due primarily to higher sales volume in fiscal 2016.

Inventory

At September 30, 2016 inventory was $469,666 compared with $642,139 at September 31, 2015 a decrease of $172,473. The reduced inventory amount is due to primarily an inventory write-down of $179,081 in 2016.

The Company's ability to fulfill customer orders on a timely basis is dependent on carrying an inventory of various components. Management has deemed certain of these components as strategically important and will purchase them in

advance of specific customer orders requiring their use to address product lead time building of stock systems for rapid delivery or, either because they require several weeks for delivery to us or a specialty item available only from a limited supplier base.

Current Liabilities

Trade payables and accrued liabilities at September 30, 2016 were $401,670 and $221,779 respectively, compared with $189,060 and $152,083 at September 30, 2015. The increase in payables and accrued liabilities was due in most part to amounts payable for installations performed by sub-contractors and accrued sales commissions.

Contractual Obligations and Commitments

On February 9, 2016 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:

2017	$121,900
2018	$125,240
2019	$128,580
2020	$131,920

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, 2015	Net issued (grants, cancellations, exercises)	Number outstanding at September 30, 2016	Net issued (grants, cancellations, exercises)	Number outstanding at January 23, 2017
Shares[1]	59,397,389	11,046,557	70,443,946	8,007,944	78,451,890
Options	4,856,160	1,208,336	6,064,496	-	6,064,496
Warrants	10,510,053	6,296,641	16,806,694	(8,007,944)	8,798,750

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

Share offering

On December 30, 2015 the Company closed a private placement financing for gross proceeds of $1,660,000 by the issuance of 8,300,000 units at $0.20 per unit. Each unit consisted of one common share and one non-transferable warrant, each whole warrant entitling the purchase of a common share for two years at $0.40. The Company also issued 498,750 units (with the same terms referenced above) in satisfaction of finder's fees equal to 7% of certain proceeds received. Cash share issuance costs incurred in connection with the private placement was $25,654.

Incentive stock option grant
In January 2016, the Company’s board of directors approved the grant of 1,941,666 incentive stock options to employees, directors and consultants. The options are exercisable at a price of $0.25 per share, and will vest over a 3-year period. The options expire on January 26, 2021.

Warrant exercises
During the year ended September 30, 2016 2,247,807 warrants were exercised for total proceeds of $620,842 and 254,302 warrants with an exercise price of $0.30 expired unexercised. Subsequent to September 30, 2016, 7,594,054, warrants with an exercise price of $0.30 each were exercised for total proceeds of $2,264,716 and 458,890 warrants with exercise price of $0.15 each were exercised for total proceeds of $68,834.

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, 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. The Company has recently begun 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 Electrical Harmonizer is the only technology of its kind in North America and the Company holds patents on the technology in five countries. 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 none of them have 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 Provincial 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 years ended September 30, 2016 and 2015. 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 years ended September 30, 2016 and 2015, the following amounts were incurred with respect to the Company's CEO (Mr. Randy Buchamer), the CFO (Mr. Steve Vanry) and ex-CFO (Mr. Shabir Dhanani):

	Years ended September 30	
(Cdn$, unless noted otherwise)	2016	2015
Salaries – R. Buchamer	200,000	200,000
Consulting fees – S. Vanry[1]	66,035	-
Salaries – S. Dhanani[2]	25,500	102,000
Share based compensation – R. Buchamer	201,234	292,388
Share based compensation – S. Vanry	28,356	-
Share based compensation – S. Dhanani	1,150	3,225
Total	**522,275**	**597,613**

[1] S. Vanry began working for the Company as CFO on a part-time basis in January 2016.
[2] S. Dhanani resigned as CFO in February 2016, but remains as full-time Controller.

Transactions with Other Related Parties

During the years ended September 30, 2016 and 2015, 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):

	Years ended September 30	
(Cdn$, unless noted otherwise)	2016	2015
Share based compensation – M. Atkinson	36,401	32,950
Share based compensation – J. Blundell	9,710	11,164
Share based compensation – M. Harcourt	8,056	8,340
Share based compensation – M. Walker	9,710	11,164
Share based compensation – D. Guebert	11,419	-
Total	**75,296**	**63,618**

NEW ACCOUNTING STANDARDS NOT YET ADOPTED

The following is an overview of new accounting standards that the Company will be required to adopt in future years. The Company does not expect to adopt any of these standards before their effective dates. The Company continues to evaluate the impact of these standards 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 September 30, 2016 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.

Liquidity risk

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

FINANCIAL STATEMENTS

RESTATEMENT

During fiscal 2015, the Company received a purchase order for equipment with an invoice amount of $423,580. The Company has determined, while invoicing occurred during the 2015 fiscal year, that the criteria for revenue recognition were not met during the year.

The following tables outline the effect of the changes made to the consolidated financial statements as originally filed.

Impact on the Consolidated Statements of Financial Position as at September 31, 2015:

	As at September 30, 2015		
	Previously Reported	**Change**	**Restated**
	$	$	$
Accounts receivable	646,800	(481,340)	165,460
Inventory	572,912	69,227	642,139
Accrued liabilities	209,843	(57,760)	152,083
Warranty provision	142,000	(18,000)	124,000
Retained earnings (deficit)	(38,042,072)	(336,353)	(38,378,425)

Impact on the Consolidated Statements of Loss and Comprehensive Loss for the year ended September 30, 2015:

	Year Ended September 30, 2015		
	Previously Reported	**Change**	**Restated**
	$	$	$
Revenue	626,524	(423,580)	202,944
Cost of sales	191,566	(69,227)	152,206
Warranty expense	205,679	(18,000)	187,679
Net income (loss) for the period	(2,540,164)	(336,353)	(2,876,517)
Basic and diluted loss per share	(0.04)	(0.01)	(0.05)

Impact on Consolidated Statements of Cash Flows for the year ended September 30, 2015:

	Year Ended September 30, 2015		
	Previously Reported	**Change**	**Restated**
	$	$	$
Net income (loss) for the period	(2,540,164)	(336,353)	(2,876,517)
Net change in non-cash working capital items:			
Inventory	(479,317)	(69,227)	(548,544)
Accounts receivable and prepaids	(508,100)	481,340	(26,760)
Accounts payable and provisions	(2,230)	(75,760)	(77,990)

As shown in the table above, all adjustments affected only non-cash items; therefore, there was no impact to cash provided by operating activities and no impact to cash used in investing activities or cash provided by financing activities.

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 consolidated financial statements for the years ended September 30, 2016 and 2015.

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
January 23, 2017