

LEO RESOURCES INC.
208 Queens Quay West, Suite 2506, Toronto, Ontario, M5J 2Y5

**INFORMATION CIRCULAR
GENERAL PROXY INFORMATION**

PURPOSE OF SOLICITATION

THIS INFORMATION CIRCULAR (THE “INFORMATION CIRCULAR”) IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF LEO RESOURCES INC. (“LEO” OR THE “CORPORATION”) FOR USE AT THE ANNUAL MEETING OF SHAREHOLDERS (“SHAREHOLDERS”) OF LEO (THE “MEETING”) TO BE HELD ON MARCH 31, 2014 AT 11.30 AM TORONTO TIME, AT THE ALBANY CLUB, 91 KING STREET EAST, TORONTO, ONTARIO, M5C 1G3 AND AT ANY ADJOURNMENT THEREOF FOR THE PURPOSES SET OUT IN THE ACCOMPANYING NOTICE OF MEETING (THE “NOTICE OF MEETING”). Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone by directors or officers of Leo. Arrangements will also be made with brokerage houses and other custodians, nominees, and fiduciaries to forward proxy solicitation material to the beneficial owners of the common shares of the Corporation (the “**Common Shares**”) pursuant to the requirements of National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer. The cost of any such solicitation will be borne by Leo.

VOTING OF PROXIES

All Common Shares represented at the Meeting by properly executed proxies will be voted and where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Common Shares represented by the proxy will be voted in accordance with such specifications. **IN THE ABSENCE OF ANY SUCH SPECIFICATIONS, THE MANAGEMENT DESIGNEES OF LEO, IF NAMED AS PROXY, WILL VOTE IN FAVOUR OF ALL THE MATTERS SET OUT HEREIN.**

THE ENCLOSED INSTRUMENT OF PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE MANAGEMENT DESIGNEES OF LEO, OR OTHER PERSONS NAMED AS PROXY, WITH RESPECT TO AMENDMENTS TO OR VARIATIONS OF MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND ANY OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING. AT THE DATE OF THIS INFORMATION CIRCULAR, LEO IS NOT AWARE OF ANY AMENDMENTS TO, OR VARIATIONS OF, OR OTHER MATTERS WHICH MAY COME BEFORE THE MEETING. IN THE EVENT THAT OTHER MATTERS COME BEFORE THE MEETING, THE MANAGEMENT DESIGNEES OF LEO INTEND TO VOTE IN ACCORDANCE WITH THE DISCRETION OF SUCH MANAGEMENT DESIGNEES.

Proxies, to be valid, must be deposited at the proxy department of the Registrar and Transfer Agent of Leo, Capital Transfer Agency Inc. , located at Suite 401, 121 Richmond St W, Toronto, ON M5H 2K1 or faxed to (416) 350-5008 not less than 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment of the Meeting.

APPOINTMENT OF PROXY

A SHAREHOLDER HAS THE RIGHT TO DESIGNATE A PERSON (WHO NEED NOT BE A SHAREHOLDER OF LEO) OTHER THAN DANIEL WETTREICH AND MARK WETTREICH, THE MANAGEMENT DESIGNEES OF LEO, TO ATTEND AND ACT FOR HIM OR HER AT THE MEETING. Such right may be exercised by inserting in the blank space provided, the name of the person to be designated and deleting therefrom the names of the management designees or by completing another proper instrument of proxy and, in either case, depositing the instrument of proxy with the registrar and transfer agent of Leo, Capital Transfer Agency Inc., at their proxy department located at Suite 401, 121 Richmond St W, Toronto, ON M5H 2K1 or faxed to (416) 350-5008, at any time, not less than 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment of the Meeting.

REVOCATION OF PROXIES

A shareholder of Leo who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. A shareholder of Leo may revoke a proxy by depositing an instrument in writing, executed by him or her or his or her attorney authorized in writing:

- (a) with the proxy department of Capital Transfer Agency Inc., located at Suite 401,121 Richmond St W, Toronto, ON M5H 2K1 or faxed to (416) 350-5008, at any time, not less than 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment of the Meeting at which the proxy is to be used;
- (b) at the registered office of Leo, Suite 2506, 208 Queens Quay West, Toronto, Ontario, Canada, M5J 2Y5, at any time up to and including the last business day preceding the day of the Meeting at which the proxy is to be used; or
- (c) with the chairman of the Meeting on the day of the Meeting or any adjournment of the Meeting.

In addition, a proxy may be revoked by the shareholder of Leo personally attending the Meeting and voting his or her shares.

ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES ON VOTING COMMON SHARES

The information set forth in this section is of significant importance to many Shareholders of Leo, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who do not hold their shares in their own name (referred to in this Information Circular as **Beneficial Shareholders**) should note that only proxies deposited by Shareholders whose names appear on the records of Leo as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker, then, in almost all cases, those Common Shares will not be registered in the shareholder's name on the records of Leo. Such Common Shares will likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the majority of such shares are registered under the name of CDS & Co. (the nominee of The Canadian Depository for Securities Limited, which acts as depository for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Services Inc. (**Broadridge**). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at a meeting. A Beneficial Shareholder receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote Common Shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the shares voted at such meeting.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting the Common Shares registered in the name of his or her broker (or an agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxy holder for the registered shareholder and vote the Common

Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxy holder for the registered shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of such meeting.

APPROVAL OF MATTERS

As used herein, "special resolution" means a resolution approved by a minimum majority of 66 2/3% of the votes cast by Shareholders at the Meeting and an "ordinary resolution" means a resolution approved by a simple majority of 50% plus one vote cast by Shareholders at the Meeting. Unless otherwise noted, approval of matters to be placed before the Meeting is by an ordinary resolution.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Leo is authorized to issue an unlimited number of Common Shares, without nominal or par value, of which as at the date hereof 13,737,501 Common Shares are issued and outstanding. The holders of Common Shares of record at the close of business on February 14, 2014 (the "Record Date"), are entitled to vote such Common Shares at the Meeting on the basis of one (1) vote for each Common Share held. The articles (the "Articles") of Leo provide that one person present and representing in person and entitled to vote at the Meeting shall constitute a quorum for the transaction of business at the Meeting.

To the knowledge of the directors and senior officers of Leo, as at the date hereof, the only Persons who beneficially own, directly or indirectly, or exercise control or direction over, ten percent (10%) or more of the issued and outstanding Common Shares are the following:

Name and Municipality of Residence.	Number of Common Shares	Percentage of Issued and Outstanding Common Shares (2)
Daniel Wettreich, Ontario (1) (2) (3) (4) (5)	11,747,551	85.52
Winston Resources Inc, Ontario (1) (2) (6)	4,479,551	32.61
GreenBank Capital Inc, Ontario (1) (2)	6,730,000	48.99
Mark Wettreich, Dallas, Texas USA (6) (7)	11,209,551	81.60

Note

(1) Daniel Wettreich is a director and a control person of Winston and GreenBank and accordingly, by his exercise of control or direction of the shares owned by Winston and GreenBank, Mr Wettreich has voting control of 85.52% of the outstanding common shares of Leo

(2) Based on 13,737,501 shares issued and outstanding

(3) Daniel Wettreich, an officer and director of Leo, holds 1,257,500 shares of Winston Resources Inc. ("Winston") representing 19.68% of the outstanding shares of Winston, of which 200,000 shares are owned by Rulinus Inc. a private company owned by Mr. Wettreich, and exercises voting control over 900,000 shares of Winston held by a third party representing 14.1% of the outstanding shares of Winston. Accordingly, Mr. Wettreich has voting control of 33.78% of the outstanding shares of Winston.

(4) Daniel Wettreich, an officer and director of Leo holds 1,963,310 shares of GreenBank Capital Inc. representing 21.47% of the outstanding shares of GreenBank.

(5) Daniel Wettreich an officer and director of Leo as to 538,000 Leo Shares directly, 4,479,551 Shares indirectly and held by Winston, 6,730,000 Leo Shares indirectly and held by GreenBank

(6) Mark Wettreich, an officer and director of Leo, holds 2,880,000 shares of Winston representing 45.11% of the outstanding shares of Winston and 4,000,000 shares of GreenBank representing 43.75% of the outstanding

shares of GreenBank and accordingly by his exercise of control or direction of the shares owned by Winston and GreenBank, has voting control of 81.60% of the outstanding common shares of Leo

(7) Mark Wettreich an officer and director of Leo as to 4,479,551 Shares indirectly and held by Winston, 6,730,000 Leo Shares indirectly and held by GreenBank

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the directors of Leo, the only matters to be dealt with at the Meeting are those matters set forth in the accompanying Notice of Meeting relating to: (i) the presentation of the annual financial statements of Leo for the financial year ended July 31, 2013; (ii) the election of directors of Leo to hold office until the next annual meeting of the Shareholders; (iii) the appointment of auditors of Leo, and authorizing the directors to fix the remuneration to be paid to the auditors; (iv) the approval of the Corporation's stock option plan (the "Leo Stock Option Plan") reserving for grant options to acquire up to a maximum of 10% of the issued and outstanding shares of the Corporation calculated at the time of each stock option grant.

I. FINANCIAL STATEMENTS

At the Meeting, Shareholders will receive and consider the audited financial statements of the Corporation for the most recently completed financial year ended July 31, 2013, together with the auditors' report thereon.

II. ELECTION OF DIRECTORS

The board of directors (the "Board of Directors") of Leo presently consists of four (4) directors, all of whom are elected annually. It is proposed that the number of directors of Leo for the ensuing year be fixed at four (4). The current directors of Leo shall retire from office at the Meeting, but shall remain in office until the dissolution of the Meeting at which their successors are appointed.

It is proposed that the persons named below (the "Nominees") will be nominated for election as directors at the Meeting. IT IS THE INTENTION OF THE MANAGEMENT DESIGNEES OF LEO, IF NAMED AS PROXY, TO VOTE FOR THE ELECTION OF SAID PERSONS TO THE BOARD OF DIRECTORS, AS APPLICABLE. MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF SUCH NOMINEES WILL BE UNABLE TO SERVE AS DIRECTORS. HOWEVER, IF FOR ANY REASON ANY OF THE PROPOSED NOMINEES DO NOT STAND FOR ELECTION OR ARE UNABLE TO SERVE AS SUCH, PROXIES IN FAVOUR OF MANAGEMENT DESIGNEES WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN HIS PROXY THAT HIS SHARES ARE TO BE WITHHELD FROM VOTING IN THE ELECTION OF DIRECTORS. Each director elected will hold office until the next annual meeting of Shareholders or until his successor is duly elected or appointed pursuant to the bylaws of Leo.

The following information relating to the nominees is based on information received by Leo from the Nominees.

Name and Municipality of Residence of Proposed Nominee, and Proposed Positions with Resulting Issuer	Principal Occupation for Last Five Years and Positions with Other Reporting Issuers	Director of Leo Since	Common Shares Beneficially Owned, Directly or Indirectly Controlled or Directed
Daniel Wettreich ⁽¹⁾ Chairman, CEO, CFO and Director Toronto, Ontario	CEO of Churchill Venture Capital LP, Churchill Natural Resource Partners, LP, Zara Resources Inc., Winston Resources Inc., GreenBank Capital Inc., Hadley Mining Inc., Leo Resources Inc., CNRP Mining Inc.	March 2013	11,747,551

Mark Wettreich Vice President, Corporate Secretary and Director Dallas, Texas, USA	Vice President of Churchill Venture Capital LP, Churchill Natural Resource Partners LP, Winston Resources Inc., Zara Resources Inc., GreenBank Capital Inc., Hadley Mining Inc., Leo Resources Inc., CNRP Mining Inc.	August 2013	11,209,551
Peter Wanner ⁽¹⁾ Director, Ontario	Managing Director, IG Aviation Tax Services Inc.; CFO & Director, First National Energy Corp.; CFO & Director Hear At Last Holdings Inc.; Director & President, Scorpio Capital Corp.; Director & CEO, Triumph Ventures II Corp; Director of Zara Resources Inc, Leo Resources Inc., GreenBank Capital Inc., Hadley Mining Inc.	August 2013	Nil
Paul Cullingham ⁽¹⁾	President & CEO, Ubique Minerals Inc., President & CEO of MrBayStreet.com,	Nominee	Nil

Note: (1) Member or proposed Member of the Audit Committee of Leo

Management Team and Board of Directors

Daniel Wettreich is a director and the Chairman, CEO and CFO of Leo Resources Inc. He is also a director and CEO of GreenBank Capital Inc., Bitcoin Canada Investments Inc., Bitcoin Angel Capital Inc., Winston Resources Inc., Hadley Mining Inc., CNRP Mining Inc., and Zara Resources Inc. He has more than 40 years of experience in venture capital, private equity, and management of publicly traded companies. He has been Chairman and CEO of Churchill Venture Capital LP, a Dallas, Texas private equity business, for more than 20 years, and is Managing Partner of Churchill Natural Resource Partners, LP, which invests in small cap mining companies. He has been a director of public companies listed on NASDAQ, the American Stock Exchange, the London Stock Exchange, the AIM Market of the London Stock Exchange, and the Vancouver Stock Exchange, a predecessor to the TSX Venture Exchange. These public companies have been in diverse businesses in internet technologies, oil and gas, retailing, telecommunications, media, and real estate. He has facilitated 13 reverse takeover transactions. He is a graduate of the University of Westminster with a BA in Business.

Mark Wettreich is a director and Vice President of Administration and Corporate Secretary of Leo Resources Inc. He is also a director of GreenBank Capital Inc., Bitcoin Canada Investments Inc., Bitcoin Angel Capital Inc., Winston Resources Inc., Hadley Mining Inc., CNRP Mining Inc., and Zara Resources Inc. He is Vice President of Churchill Venture Capital LP and of Churchill Natural Resource Partners, LP which invests in small cap mining companies. Previously, he was President of European Art Gallery, fine art dealers in London, England, and Dallas, Texas. He is a B.A. graduate of the University of Texas.

Peter D. Wanner is a director and member of the Audit Committee of Leo Resources. He is the Managing Director of IG Aviation Tax Services Inc., providing accounting services to the aviation industry. He is also a director of GreenBank Capital Inc., Bitcoin Canada Investments Inc., Bitcoin Angel Capital Inc., Winston Resources Inc, Hadley Mining Inc., CNRP Mining Inc., and Zara Resources Inc. He is a director and CEO of First National Energy Corp, a public company on the OTC in the USA, and has been a director and officer of a number of public companies. Peter received his Certified General Accountant designation in 1981 and after working in public accounting he became VP & Controller of Worldways Canada ó then Canada's third

largest airline. He has 25 years of experience in accounting and financial consulting and has worked with companies in Canada, the United States, Mexico, and the United Kingdom.

Paul Cullingham is a nominee as a director and a member of the Audit Committee of Leo Resources Inc. He is a director of Bitcoin Canada Investments Inc. and Bitcoin Angel Capital Inc, subsidiaries of GreenBank Capital Inc. He has been in the investment industry since 1986 specializing in the resource and financial sectors, where he has worked for both large and medium-size Canadian companies, as well as a large Wall Street firm. He is President and CEO of Ubique Minerals Inc, a private exploration company, and of MrBayStreet.com, an online portal for public company investors. Previously, he was the President and CEO of Celtic Minerals Inc., a public minerals company.

Cease Trade Orders, Bankruptcies, Penalties, and Sanctions

Other than as disclosed below, no director or executive officer of the Corporation or proposed director of the Corporation is, as at the date hereof, or has been, within the 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any corporation (including the Corporation) that:

- (a) was subject to an order that was issued and which was in effect for a period of more than 30 consecutive days, while the director or executive officer was acting in the capacity as director, chief executive officer or financial officer; or
- (b) was subject to an order that was issued and which was in effect for a period of more than 30 consecutive days, after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer, or chief financial officer.

No director or executive officer of the Corporation, proposed director of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

- (c) is, at the date of this Information Circular, or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Corporation, proposed director of the Corporation, or a shareholder holding a sufficient number of the Corporation's securities to affect materially the control of the Corporation has been subject to:

- (e) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (f) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Scott F. White is currently a director of the Corporation and is not standing for re-election. He was an officer and a director of Parlay Entertainment Inc (Parlay). Parlay was the subject of a cease trade order (a "CTO") issued by the Ontario Securities Commission (the OSC) and by the British Columbia Securities

Commission on or around May 17, 2011, for failing to file a comparative financial statement for its financial year ended December 31, 2010, and a Form 51-102F1 Management Discussion and Analysis for the period ended December 31, 2010. Parlay subsequently filed all required financial statements and the CTO was lifted on July 25, 2012. On May 6, 2011, the Parlay appointed BDO Canada Limited (the "BDO") to assist it in a restructuring and to act as its proposal trustee in the filing of a notice of intention to make a proposal (the "Proposal") to its creditors with the Superior Court of Justice, Province of Ontario, pursuant to the *Bankruptcy and Insolvency Act* (Canada). On September 29, 2011, the creditors of the Applicant rejected the Proposal and, as a result Parlay was deemed bankrupt and BDO was appointed Bankruptcy Trustee. On November 29, 2011, the Bankruptcy Trustee executed a letter of intent with a third party in anticipation of a transaction and, based on the letter of intent, the Bankruptcy Trustee offered a new proposal to the creditors (the "New Proposal") and on January 19, 2012, the creditors accepted the New Proposal. The New Proposal of Parlay under the *Bankruptcy and Insolvency Act* (Canada) was approved by the Court on February 6, 2012 and Parlay ceased to be deemed bankrupt.

Personal Bankruptcies

No proposed director, officer or promoter of the Corporation is, or has, within the ten years preceding the date hereof, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Conflicts of interest

Certain of the directors of the Corporation currently, or in the future, may serve as directors of, have significant shareholdings in, or provide professional services to other companies and, to the extent that such other companies may participate in ventures with Leo Resources Inc., the directors of the Corporation may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises, a director who has such a conflict must disclose, at a meeting of the board, the nature and extent of his interest to the meeting and abstain from voting for or against the approval of such participation. Conflicts will be subject to the procedures and remedies similar to these provided under the BCBCA.

Other Reporting Issuer Experience

The following table sets forth the names of the directors, officers, and promoters of the Corporation that are, or have been within the last five years, directors, officers, and promoters of other reporting issuers.

Name of Director, Officer, or Promoter	Name and Jurisdiction of Reporting Issuer	Name of Trading Market ⁽¹⁾	Position	From	To
Daniel Wettreich	Camelot Corporation Winston Resources Inc, GreenBank Capital Inc, Hadley Mining Inc., Zara Resources Inc., CNRP Mining Inc.	OTC-BB CSE CSE CSE CSE CSE	CEO/Director CEO/Director CEO/Director CEO/Director CEO/Director CEO/Director	September 1988 June 2012 January 2013 November 2012 October 2012 March 2012	May 2010 Present Present Present Present Present

Peter D. Wanner	First National Energy Corp. Hear At Last Holdings Inc. Trophy Capital Inc. Ribbon Capital Corp. Scorpio Capital Corp. Triumph Ventures II Corp. Triumph Ventures III Corp. Winston Resources Inc, GreenBank Capital Inc, Hadley Mining Inc., Zara Resources Inc., CNRP Mining Inc.	OTCBB PK TSX-V TSX-V TSX-V TSX-V TSX-V CSE CSE CSE CSE CSE	CFO/Director CFO Director Director Director/President CFO/Director CFO/Director Director Director Director Director Director	May 2004 July 2006 July 2003 June 2004 Sept.2004 Nov.2010 Aug. 2011 January 2013 April 2013 January 2013 January 2013 February 2013	Present Sept 2009 March2004 Sept 2006 Jan. 2007 Present December 2013 Present Present Present Present
Paul Cullingham	Celtic Minerals Inc	CSE	CEO/Director	May 2011	March 2012
Mark Wettreich	Winston Resources Inc, GreenBank Capital Inc, Hadley Mining Inc., Zara Resources Inc., CNRP Mining Inc.	CSE CSE CSE CSE CSE	VP/Director VP/Director VP/Director VP/Director VP/Director	June 2012 April 2013 October 2012 October 2012 February 2013	Present Present Present Present Present
Scott White	Parlay Entertainment Inc. Rattlesnake Ventures Inc. Minsud Resources Inc. Taggart Capital Corp. Triumph Ventures II Corp.	TSXV TSXV TSXV TSXV TSXV	CEO/Director CEO/Director CEO/Director Director Director	November 2006 October 2007 May 2011 January 2011 July 2011	July 2012 May 2011 Present Present Present

Note:

(1) OTC-BB = Over the Counter Bulletin Board; and TSXV = TSX Venture Exchange and CSE=Canadian Securities Exchange

III. APPOINTMENT OF AUDITORS

Parker Simone LLP, Chartered Accountants, of Mississauga, Ontario, have been the auditors of the Corporation since August, 2013. It is proposed that Parker Simone LLP be re-appointed as auditor of the Corporation; to hold office until the next annual meeting of Shareholders of the Corporation at such remuneration as may be determined by the Board of Directors.

IF NAMED AS PROXY, THE MANAGEMENT DESIGNEES INTEND TO VOTE THE COMMON SHARES REPRESENTED BY SUCH PROXY FOR THE APPOINTMENT OF BUTTLE AND TAVANO PC AS AUDITORS OF THE CORPORATION AT SUCH REMUNERATION TO BE FIXED BY THE BOARD OF DIRECTORS, UNLESS THE SHAREHOLDER HAS SPECIFIED IN HIS PROXY THAT HIS SHARES ARE TO BE WITHHELD FROM VOTING IN THE APPOINTMENT OF AUDITORS.

IV. APPROVAL OF LEO STOCK OPTION PLAN (THE “PLAN”)

The purpose of the Plan, is to encourage directors, officers and key employees of the Corporation and its subsidiaries and persons providing ongoing services to the Corporation to participate in the growth and development of the Corporation by providing incentive to qualified parties to increase their proprietary interest in the Corporation by permitting them to purchase Common Shares and thereby encouraging their continuing association with the Corporation. The stock options are non-transferable and will expire upon the sooner of the expiry date stipulated in the particular stock option agreement or after a certain period following the date

the optionee ceases to be a qualified party by reason of death or termination of employment. A copy of the proposed Plan is attached to this Information Circular as Schedule A.

The Plan provides that the number of Common Shares which may be made the subject of options cannot exceed 10% of the issued and outstanding Common Shares on a non-diluted basis at any time. Approximately [insert number] Common Shares are available under the Plan. The stock options granted under the Plan together with all of the Corporation's other previously established Plans or grants, shall not result at any time in: (a) the number of Common Shares reserved for issuance pursuant to stock options granted to Insiders exceeding 10% of the issued and outstanding Common Shares; (b) the grant to Insiders within a 12 month period, of a number of stock options exceeding 10% of the outstanding Common Shares; (c) the grant to any one Optionee within a 12-month period, of a number of stock options exceeding 5% of the issued and outstanding Common Shares unless the Corporation obtains the requisite disinterested shareholder approval; (d) the grant to all persons engaged by the Corporation to provide Investor Relations Activities, within any twelve-month period, of stock options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the Corporation's issued and outstanding Common Shares; or (e) the grant to any one Consultant, in any twelve-month period, of stock options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the Corporation's issued and outstanding Common Shares.

The board of directors determines the price per Common Share and the number of Common Shares that may be allotted to each eligible person and all other terms and conditions of the options, subject to the rules of the CSE, provided however that price per share set by the board of directors must be at least equal to the Discounted Market Price of the Common Shares. **"Discounted Market Price"** means the last per share closing price for the Common Shares on the Exchange before the date of grant of a stock option, less any applicable discount under Exchange Policies. In addition to any resale restrictions under Securities Laws, any stock option granted under the Plan and any Common Shares issued upon the due exercise of any such stock option so granted will be subject to a four-month hold period commencing from the date of grant of the stock option, if the exercise price of the stock option is granted at less than the Market Price. **"Market Price"** means the closing price of the Common Shares on any Exchange (and if listed on more than one Exchange, then the highest of such closing prices) on the last business day prior to the date of grant. In the event that such Common Shares did not trade on such business day, the Market Price shall be the average of the bid and asked prices in respect of such Common Shares at the close of trading on such date.

The term of an option shall be not more than 10 years from the date the option is granted. If an Optionee ceases to be a director, officer, employee or consultant of the Corporation or its subsidiaries for any reason other than death, the Optionee may, but only within ninety (90) days after the Optionee's ceasing to be a director, officer, employee or consultant (or 30 days in the case of an Optionee engaged in investor relations activities) or prior to the expiry of the exercise period, whichever is earlier, exercise any stock option held by the Optionee, but only to the extent that the Optionee was entitled to exercise the stock option at the date of such cessation. In the event of the death of an Optionee, the stock option previously granted to him shall be exercisable within one (1) year following the date of the death of the Optionee or prior to the expiry of the stock option Period, whichever is earlier, and then only: (a) by the person or persons to whom the Optionee's rights under the stock option shall pass by the Optionee's will or the laws of descent and distribution, or by the Optionee's legal personal representative; and (b) to the extent that the Optionee was entitled to exercise the stock option at the date of the Optionee's death.

In the event of (a) any disposition of all or substantially all of the assets of the Corporation, or the dissolution, merger, amalgamation or consolidation of the Corporation with or into any other corporation or of such corporation into the Corporation, or (b) any change in control of the Corporation, the Plan gives the Corporation the power to make such arrangements as it shall deem appropriate for the exercise of outstanding Options or continuance of outstanding Options, including to amend any stock option agreement to permit the exercise of any or all of the remaining Options prior to the completion of any such transaction.

Subject to any required approvals under applicable securities legislation or stock exchange rules, the Corporation may amend or modify the Plan or the terms of any option as the board of directors deems necessary or advisable provided that no such amendment shall adversely affect any accrued and vested rights of an optionee or alter or impair any option previously granted to that optionee, without the consent of the optionee (provided such a change would materially prejudice the optionee's rights under the Plan).

At the Meeting, the Shareholders will be asked to approve the following resolution:

“BE IT RESOLVED THAT:

1. The current incentive stock option plan of Leo, as described in the Information Circular of Leo (and as may be amended to comply with the policies of the Exchange from time to time), be and is hereby affirmed, ratified and approved; and
2. Any one (1) director or officer of the Leo be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of Leo or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing.

IF NAMED AS PROXY, THE MANAGEMENT DESIGNEES INTEND TO VOTE THE COMMON SHARES REPRESENTED BY SUCH PROXY AT THE MEETING FOR THE APPROVAL OF THE LEO STOCK OPTION PLAN, UNLESS THE SHAREHOLDER HAS OTHERWISE DIRECTED IN HIS PROXY.

STATEMENT OF EXECUTIVE COMPENSATION

The Corporation's Statement of Executive Compensation, in accordance with the requirements of Form 51-102F6 *Statement of Executive Compensation*, is set forth below, which contains information about the compensation paid to, or earned by, the Corporation's Chief Executive Officer and Chief Financial Officer and each of the other three most highly compensated executive officers of the Corporation earning more than CDN\$150,000.00 in total compensation for the financial year ended July 31, 2013 (the “**Named Executive Officers**” or “**NEO's**”). Based on the foregoing, on an annualized basis, Daniel Wettreich, Chairman of the Board, Chief Executive Officer and Chief Financial Officer is the Corporation's only NEO as at July 31, 2013.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Review Process

The directors oversee an annual review of director and executive compensation to ensure development of a compensation strategy that properly aligns the interests of directors and executives with the long-term interests of the Corporation and its Shareholders. The directors review on an annual basis the cash compensation, performance and overall compensation package for each NEO and determines the base management fee, bonus and participation in share compensation arrangements for each NEO. In making its decision, the directors discuss various factors with both Management and peers in the industry in respect of compensation levels for the NEO's.

Objectives of the Compensation Plan

The objectives of the Corporation's compensation program are to attract, hold and inspire performance of members of Management of a quality and nature that will enhance the sustainable growth of the Corporation. To determine compensation payable, the directors review compensation paid for directors and officers of companies of similar business, size and stage of development and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and NEO's while taking into account the financial and other resources of the Corporation. The annual salaries for NEOs are designed to be comparable to executive compensation packages for similar positions at companies with similar financial, operating and industrial characteristics. The NEOs will be paid an annual salary that also takes into account his or her existing professional qualifications and experience. The NEOs' performances and salaries are to be reviewed periodically on the anniversary of their appointment to their respective officer-ships with the Corporation. Increases in salary are to be evaluated on an individual basis and are performance and market-based. The directors determine and adjust, year to year; the relative

weighting of each form of compensation discussed above in a manner which best measures the success of the Corporation and its NEO's.

Elements of Executive Compensation

The Corporation's executive compensation program is based on the objectives of: (a) recruiting and retaining the executives critical to the success of the Corporation; (b) providing fair and competitive compensation; (c) balancing the interests of Management and Shareholders; and (d) rewarding performance, on the basis of both individual and corporate performance.

For the financial year ended July 31, 2013, the Corporation's executive compensation program consisted of the following elements:

- (a) a base management services fee (a **“Short-Term Incentive”**); and
- (b) a long-term equity compensation consisting of stock options granted under the Corporation's stock incentive plan (each, a **“Long-Term Incentive”**).

The specific rationale and design of each of these elements are outlined in detail below.

ELEMENT OF COMPENSATION	SUMMARY AND PURPOSE OF ELEMENT
<p>Short-Term Incentive Plan Base Management Services Fee:</p>	<p>Executive annual management fees are set at a level that is competitive with compensation for executive officers of peer group companies and having regard to the potential longer term compensation provided by the Option Plan. The Board reviews NEO salaries at least annually.</p> <p>In determining the base management fee to be paid to a particular NEO, the Compensation Committee and Board also considers the particular responsibilities related to the position, the experience level of the NEO, and his or her past performance at the Corporation.</p>
<p>Other Compensation (Perquisites): Long-Term Incentive Plan Stock Options:</p>	<p>There are currently no other forms of compensation.</p> <p>The granting of options to purchase common shares of the Corporation are designed to encourage the NEOs to own an interest in the Corporation and therefore tie their long-term interests to those of the shareholders of the Corporation. In determining individual grants of options, the Board consider factors such as: the performance and contributions to the success of the Corporation, the relative position of the individual, the years of service of the individual and past grants of options. No specific weightings are assigned to each factor, but rather, a subjective determination is made based on a general assessment of performance of the individual relative to such factors.</p>

Stock Options

During the financial year ended July 31, 2013, no stock options were granted:

Name of Officer	Title of Officer	Number of Stock Options	Exercise Price (\$)

Other Long-Term Incentive Plans

The Corporation does not have any other long-term incentive plans and does not provide retirement benefits to its employees.

Overview of How the Compensation Program Fits with Compensation Goals

1. Attract, Hold and Inspire Key Talent

The compensation package meets the goal of attracting, holding and motivating key talent in a highly competitive mineral exploration environment through the following elements:

- (a) A competitive management services compensation program which is generally above similar opportunities.
- (b) Providing an opportunity to participate in the Corporation's growth through options.

2. Alignment of Interests of NEO's with Interests of the Shareholders

The compensation package meets the goal of aligning the interests of the NEO's with the interests of Shareholders through the following elements:

- (a) Through the grant of stock options, if the price of the Corporation shares increases over time, both NEO's and Shareholders will benefit.
- (b) By providing a vesting period on stock awards, NEO's have an interest in increasing the price of the Corporation's shares over time, rather than focusing on short-term increases.

Summary Compensation Table

The following table provides information for the three most recently completed financial years ended July 31, 2013, and 2012 and 2011 regarding compensation earned by each of the Named Executive Officers of the Corporation. Unless otherwise noted, salaries for the Named Executive Officers are paid in Canadian dollars.

Financial Years Ended July 31, 2013, 2012 and 2011

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards' (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	Other Compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Daniel Wettreich Chairman of the Board, CEO and Director ⁽¹⁾	2013	Nil	NIL	Nil	NIL	NIL	NIL	NIL	NIL
	2012	Nil	NIL	Nil	NIL	NIL	NIL	NIL	NIL
	2011	Nil	NIL	Nil	NIL	NIL	NIL	NIL	NIL

Notes: (1) Option-based award amounts do not represent cash remuneration or gains on the potential shares represented by the options. At July 31, 2013 no options have been granted and there were no realized or unrealized gains related to the options. The values shown in the Summary Compensation Table are consistent with the values used in preparing the Company's consolidated financial statements under International Financial Reporting Standards, using the Black-Scholes option pricing model with the following weighted average assumptions at the time of grant: zero dividend yield, volatility of 105%, risk free rate of 1.38% and expected life of 5 years.

Incentive Plan Awards

The following table provides information regarding the incentive plan awards for each NEO outstanding as of July 31, 2013.

Outstanding Share-Based Awards and Option-Based Awards

Name and principal position	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) *	Number of shares that have not vested	Market or payout value of share-based awards that have not vested (\$)
Daniel Wettreich Chairman CEO, and Director	0	N/A	N/A	\$0	N/A	N/A

The following table provides information regarding the value vested or earned of incentive plan awards for the financial year ended July 31, 2013.

Value Vested or Earned During the Financial Year Ended July 31, 2013

Name and principal position	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)

Daniel Wettreich Chairman, CEO, and Director	NIL	NIL	NIL
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Note: These amounts represent the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date. The value of each amount has been determined by taking the difference between the market price of the option at the assumed exercise date and the exercise or base price of the option under the option-based award on the vest date.

Incentive Plan Awards - Narrative Discussion Pension Plan Benefits

The Corporation does not currently provide pension plan benefits to its Named Executive Officers.

Termination and Change of Control Benefits

There are no termination and change of control benefits.

Director Compensation

Other than incentive stock options, directors of the Corporation do not receive any compensation for attending meetings of the board of directors or a committee of the board of directors.

Retirement Policy for Directors

The Corporation does not have a retirement policy for its directors.

CORPORATE GOVERNANCE DISCLOSURE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Corporation. The Board is committed to sound corporate governance practices, which are both in the interest of its Shareholders and contribute to effective and efficient decision making. The Corporation's common shares trade on the Canadian Securities Exchange (öCSEö), one of Canada's foremost public venture marketplaces. Accordingly, the Board of Directors of the Corporation has carefully considered the Corporate Governance Guidelines (the “**Guidelines**”) adopted by the CSE and has complied with the Guidelines. The information required to be disclosed by National Policy 58-101 - *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) is attached to this information circular as **Schedule “B”**.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”) to disclose annually in its information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as disclosed by Form 52-110F2 attached to this Circular as **Schedule “C”**.

The Audit Committee's primary duties and responsibilities are to: (i) serve as an independent and objective party to monitor the Corporation's financial reporting and internal control system and review the Corporation's financial statements; (ii) review and appraise the performance of the Corporation's external auditors; and (iii) provide an open avenue of communication among the Corporation's auditors, financial and senior management and the Board of Directors. The Audit Committee reports its deliberations and discussions to the Board and submits to the Board the minutes of its meetings. The Audit Committee consists of Daniel Wettreich, Peter D. Wanner and Scott White. All members of the Audit Committee are öfinancially literateö as that term is defined in NI 52-110 and Messrs Wanner and White are öindependentö as that term is defined in NI 52-110. The Chairman of the Audit Committee, in consultation with the Audit Committee members, determines the schedule and frequency of the Audit Committee meetings.

INDEBTEDNESS OF DIRECTORS, SENIOR OFFICERS AND PROMOTERS OF LEO

No current or former director, executive officer, promoter or employee of Leo or any of its subsidiaries is indebted to the Corporation or any of its subsidiaries, or to any other entity, where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries. No person who is, or was at any time during the most recently completed financial year of the Corporation, a director, promoter or executive officer of the Corporation or any proposed nominee for election as a director of the Corporation, nor any Associate or Affiliate of any such Person, is, or at any time since the beginning of the most recently completed financial year of the Corporation has been, indebted to the Corporation or any of its subsidiaries; nor is any such indebtedness of any such person to another entity now, nor has it been at any time in the past, since the beginning of the most recently completed financial year of the Corporation, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, under a securities purchase program or any other program.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Management of Leo is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director, promoter or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year, or of any proposed nominee for election as a director of Leo or of the Resulting Issuer, or of any Associate or Affiliate of any such Person, in any matter to be acted upon at the Meeting other than the approval of amendments to the existing Stock Option Agreements and the election of directors. All of the directors and officers may receive options pursuant to the Leo Stock Option Plan. See "Particulars of Matters to be Acted Upon - Approval of Leo Stock Option Plan".

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS OF LEO

Management of Leo is not aware of any material interest, direct or indirect, of any Insider of Leo, any nominee for election as a director of Leo, or any Associate or Affiliate of any such Person, in any transaction that has materially affected or would materially affect Leo.

LEGAL PROCEEDINGS CONCERNING LEO

Management of Leo is not aware of any material legal proceedings outstanding, pending or threatened as at the date hereof, by or against Leo, which would be material to a purchaser of securities of Leo.

FINANCIAL STATEMENTS AND MANAGEMENT DISCUSSION AND ANALYSIS

Attached hereto as Schedule I is a copy of the audited combined financial statements for the Corporation for the year ended July 31, 2013, and Management Discussion and Analysis related thereto.

BOARD APPROVAL

This Information Circular has been approved by the directors of the Corporation. Where information contained in this Information Circular rests particularly within the knowledge of a Person other than the Corporation, the Corporation has relied upon information furnished by such Person.

Other Business

Management is not aware of any other business to come before the Meeting other than as set forth in the Notice of Meeting accompanying this Information Circular. If any other business properly comes before the Meeting, it is the intention of the persons named in the accompanying form of proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

ADDITIONAL INFORMATION CONCERNING LEO

Additional information relating to the Corporation may be found on SEDAR. Financial information of the Corporation is provided in the comparative financial statements and management discussion and analysis of the Corporation for the most recently completed financial year. Under NI 51-102, any person or company who wishes to receive interim financial statements from the Corporation may deliver a written request for such material to the Corporation or the Corporation's agent, together with a signed statement that the person or company is the owner of securities of the Corporation. Shareholders who wish to receive interim financial statements are encouraged to send the enclosed mail card, together with the completed form of proxy, in the addressed envelope provided, to the Corporation's transfer agent, Capital Transfer Agency Inc., at their proxy department located at Suite 401, 121 Richmond St W, Toronto, ON M5H 2K1, or faxed to (416) 350-5008. The Corporation maintains a supplemental mailing list of persons or companies wishing to receive interim financial statements.

DIRECTORS' APPROVAL

The contents and the sending of this Information Circular to the Shareholders of the Corporation have been approved by the Board of Directors. Unless otherwise specified, information contained in this Information Circular is given as of February 3, 2014.

DATED at Toronto, Ontario this 31st January 2014.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) "*Daniel Wettreich*"

Daniel Wettreich
Chairman

**SCHEDULE A
CORPORATION STOCK OPTION PLAN**

**LEO RESOURCES INC.
(the “Corporation”)**

STOCK OPTION PLAN

1. Purpose

The purpose of the Plan is to: (i) provide an incentive to the directors, officers, employees, consultants and other personnel of the Corporation or any of its subsidiaries to achieve the longer objectives of the Corporation; (ii) give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation; and (iii) attract to and retain in the employ of the Corporation or any of its subsidiaries, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

2. Definitions and Interpretation

When used in this Plan, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

- (a) **“Board of Directors”** means the Board of Directors of the Corporation;
- (b) **“Common Shares”** means common shares in the capital of the Corporation;
- (c) **“Corporation”** means Leo Resources Inc. and any successor corporation and any reference herein to action by the Corporation means action by or under the authority of its Board of Directors or a duly empowered committee appointed by the Board of Directors;
- (d) **“Discounted Market Price”** means the last per share closing price for the Common Shares on the Exchange before the date of grant of an Option, less any applicable discount under Exchange Policies;
- (e) **“Exchange”** means the Canadian Securities Exchange or any other stock exchange on which the Common Shares are listed;
- (f) **“Exchange Policies”** means the policies of the Exchange, including those set forth in the Corporate Finance Manual of the Exchange;
- (g) **“Insider”** has the meaning ascribed thereto in Exchange Policies;
- (h) **“Market Price”** at any date in respect of the Common Shares shall be the closing price of such Common Shares on any Exchange (and if listed on more than one Exchange, then the highest of such closing prices) on the last business day prior to the date of grant (or, if such Common Shares are not then listed and posted for trading on the Exchange, on such stock exchange in Canada on which the Common Shares are listed and posted for trading as may be selected for such purpose by the Board of Directors). In the event that such Common Shares did not trade on such business day, the Market Price shall be the average of the bid and asked prices in respect of such Common Shares at the close of trading on such date. In the event that such Common Shares are not listed and posted for trading on any stock exchange, the Market Price shall be the fair market value of such Common Shares as determined by the Board of Directors in its sole discretion;
- (i) **“Option”** means an option granted by the Corporation to an Optionee entitling such Optionee to acquire a designated number of Common Shares from treasury at a price determined by the Board of Directors;

(j) **“Option Period”** means the period determined by the Board of Directors during which an Optionee may exercise an Option, not to exceed the maximum period permitted by the Exchange, which maximum period is ten (10) years from the date the Option is granted;

(k) **“Optionee”** means a person who is a director, officer, employee, consultant or other personnel of the Corporation or a subsidiary of the Corporation; a corporation wholly-owned by such persons; or any other individual or body corporate who may be granted an option pursuant to the requirements of the Exchange, who is granted an Option pursuant to this Plan;

(l) **“Plan”** shall mean the Corporation's incentive stock option plan as embodied herein and as from time to time amended;

(m) **“Securities Act”** means the *Securities Act* (Ontario), as amended, or such other successor legislation as may be enacted, from time to time; and

(n) **“Securities Laws”** means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that govern or are applicable to the Corporation or to which it is subject, including, without limitation, the Securities Act.

Capitalized terms in the Plan that are not otherwise defined herein shall have the meaning set out in the Exchange Policies, including without limitation “Consultant”, “Disinterested Shareholder Approval”, “Employee”, “Insider”, “Investor Relations Activities” and “Management Company Employee”.

Wherever the singular or masculine is used in this Plan, the same shall be construed as meaning the plural or feminine or body corporate and vice versa, where the context or the parties so require.

3. Administration

The Plan shall be administered by the Board of Directors. The Board of Directors shall have full and final discretion to interpret the provisions of the Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the Plan. All decisions and interpretations made by the Board of Directors shall be binding and conclusive upon the Corporation and on all persons eligible to participate in the Plan, subject to shareholder approval if required by the Exchange. Notwithstanding the foregoing or any other provision contained herein, the Board of Directors shall have the right to delegate the administration and operation of the Plan to a special committee of directors appointed from time to time by the Board of Directors, in which case all references herein to the Board of Directors shall be deemed to refer to such committee.

4. Eligibility

The Board of Directors may at any time and from time to time designate those Optionees who are to be granted an Option pursuant to the Plan and grant an Option to such Optionee. Subject to Exchange Policies and the limitations contained herein, the Board of Directors is authorized to provide for the grant and exercise of Options on such terms (which may vary as between Options) as it shall determine. No Option shall be granted to any person except upon recommendation of the Board of Directors. A person who has been granted an Option may, if he is otherwise eligible and if permitted by Exchange Policies, be granted an additional Option or Options if the Board of Directors shall so determine. Subject to Exchange Policies, the Corporation shall represent that the Optionee is a bona fide Employee, Consultant or Management Company Employee (as such terms are defined in Exchange Policies) in respect of Options granted to such Optionees.

5. Participation

Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Optionee's relationship or employment with the Corporation.

Notwithstanding any express or implied term of this Plan or any Option to the contrary, the granting of an Option pursuant to the Plan shall in no way be construed as conferring on any Optionee any right with respect to

continuance as a director, officer, employee or consultant of the Corporation or any subsidiary of the Corporation.

Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a director or officer of or a consultant to the Corporation or any of its subsidiaries, where the Optionee at the same time becomes or continues to be a director, officer or full-time employee of or a consultant to the Corporation or any of its subsidiaries.

No Optionee shall have any of the rights of a shareholder of the Corporation in respect to Common Shares issuable on exercise of an Option until such Common Shares shall have been paid for in full and issued by the Corporation on exercise of the Option, pursuant to this Plan.

6. Common Shares Subject to Options

The number of authorized but unissued Common Shares that may be issued upon the exercise of Options granted under the Plan at any time plus the number of Common Shares reserved for issuance under outstanding incentive stock options otherwise granted by the Corporation shall not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis at any time, and such aggregate number of Common Shares shall automatically increase or decrease as the number of issued and outstanding Common Shares changes. The Options granted under the Plan together with all of the Corporation's other previously established stock option plans or grants, shall not result at any time in:

- (a) the number of Common Shares reserved for issuance pursuant to Options granted to Insiders exceeding 10% of the issued and outstanding Common Shares;
- (b) the grant to Insiders within a 12-month period, of a number of Options exceeding 10% of the outstanding Common Shares;
- (c) the grant to any one (1) Optionee within a twelve month period, of a number of Options exceeding 5% of the issued and outstanding Common Shares unless the Corporation obtains the requisite Disinterested Shareholder Approval;
- (d) the grant to all persons engaged by the Corporation to provide Investor Relations Activities, within any twelve-month period, of Options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the Corporation's issued and outstanding Common Shares; or
- (e) the grant to any one Consultant, in any twelve-month period, of Options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the Corporation's issued and outstanding Common Shares.

Appropriate adjustments shall be made as set forth in Section 15 hereof, in both the number of Common Shares covered by individual grants and the total number of Common Shares authorized to be issued hereunder, to give effect to any relevant changes in the capitalization of the Corporation.

If any Option granted hereunder shall expire or terminate for any reason without having been exercised in full, the unpurchased Common Shares subject thereto shall again be available for the purpose of the Plan.

7. Option Agreement

A written agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to option, the exercise price and any other terms and conditions approved by the Board of Directors, all in accordance with the provisions of this Plan (herein referred to as the "**Stock Option Agreement**"). The Stock Option Agreement will be in such form as the Board of Directors may from time to time approve, and may contain such terms as may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Optionee may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

8. Option Period and Exercise Price

Each Option and all rights thereunder shall be expressed to expire on the date set out in the respective Stock Option Agreement, which shall be the date of the expiry of the Option Period (the "Expiry Date"), subject to earlier termination as provided in Sections 11 and 12 hereof.

Subject to Exchange Policies and any limitations imposed by any relevant regulator's authority, the exercise price of an Option granted under the Plan shall be as determined by the Board of Directors when such Option is granted and shall be an amount at least equal to the Discounted Market Price of the Common Shares.

In addition to any resale restrictions under Securities Laws, any Option granted under this Plan and any Common Shares issued upon the due exercise of any such Option so granted will be subject to a four-month Exchange hold period commencing from the date of grant of the Option, if the exercise price of the Option is granted at less than the Market Price, in which case the Option, and the Common Shares issued upon due exercise of the Option, if applicable, will bear the following legend:

Without prior written approval of the Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [four months and one day from the date of grant].

9. Exercise of Options

An Optionee shall be entitled to exercise an Option granted to him at any time prior to the expiry of the Option Period, subject to Sections 11 and 12 hereof and to vesting limitations which may be imposed by the Board of Directors at the time such Option is granted. Subject to Exchange Policies, the Board of Directors may, in its sole discretion, determine the time during which an Option shall vest and the method of vesting, or that no vesting restriction shall exist.

Notwithstanding any other provision hereof, Options granted to persons engaged to provide Investor Relations Activities shall vest in stages over a period of 12 months from the date of grant with no more than 1/4 of any such Options granted vesting in any three-month period.

The exercise of any Option will be conditional upon receipt by the Corporation at its head office of: (i) a written notice of exercise, specifying the number of Common Shares in respect of which the Option is being exercised; (ii) cash payment, certified cheque or bank draft for the full purchase price of such Common Shares with respect to which the Option is being exercised; and (iii) make suitable arrangements with the Corporation, in accordance with Section 10, for the receipt by the Corporation of an amount sufficient to satisfy any withholding tax requirements under applicable tax legislation in respect of the exercise of an Option (the "Withholding Obligations").

Common Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Common Shares pursuant thereto shall comply with all relevant provisions of applicable securities law, including, without limitation, the 1933 Act, the United States Securities and Exchange Act of 1934, as amended, applicable U.S. state laws, the rules and regulations promulgated thereunder, and the requirements of any stock exchange or consolidated stock price reporting system on which prices for the Common Shares are quoted at any given time. As a condition to the exercise of an Option, the Corporation may require the person exercising such Option to represent and warrant at the time of any such exercise that the Common Shares are being purchased only for investment and without any present intention to sell or distribute such Common Shares if, in the opinion of counsel for the Corporation, such a representation is required by law.

10. Withholding Taxes

Upon the exercise of an Option by an Optionee, the Corporation shall have the right to require the Optionee to remit to the Corporation an amount sufficient to satisfy any Withholding Obligations relating thereto under applicable tax legislation. Unless otherwise prohibited by the Board of Directors or by applicable law, satisfaction of the amount of the Withholding Obligations (the "Withholding Amount") may be accomplished by any of the following methods or by a combination of such methods as determined by the Corporation in its sole discretion:

(i) the tendering by the Optionee of cash payment to the Corporation in an amount less than or equal to the Withholding Amount; or

(ii) the withholding by the Corporation from the Common Shares otherwise due to the Optionee such number of Common Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the Withholding Amount (net of selling costs). By executing and delivering the option agreement, the Optionee shall be deemed to have consented to such sale and have granted to the Corporation an irrevocable power of attorney to effect the sale of such Common Shares and to have acknowledged and agreed that the Corporation does not accept responsibility for the price obtained on the sale of such Common Shares;

(iii) the withholding by the Corporation from any cash payment otherwise due by the Corporation to the Optionee, including salaries, directors fees, consulting fees and any other forms of remuneration, such amount of cash as is required to pay and satisfy the Withholding Amount; provided, however, in all cases, that the sum of any cash so paid or withheld and the fair market value of any Common Shares so withheld is sufficient to satisfy the Withholding Amount.

The provisions of the option agreement shall provide that the Optionee (or their beneficiaries) shall be responsible for all taxes with respect to any Options granted under the Plan and an acknowledgement that neither the Board of Directors nor the Corporation shall make any representations or warranties of any nature or kind whatsoever to any person regarding the tax treatment of Options or payments on account of the Withholding Amount made under the Plan and none of the Board of Directors, the Corporation, nor any of its employees or representatives shall have any liability to an Optionee (or its beneficiaries) with respect thereto.

11. Ceasing to be a Director, Officer, Employee or Consultant

If an Optionee ceases to be a director, officer, employee or consultant of the Corporation or its subsidiaries for any reason other than death, the Optionee may, but only within ninety (90) days after the Optionee's ceasing to be a director, officer, employee or consultant (or 30 days in the case of an Optionee engaged in Investor Relations Activities) or prior to the expiry of the Option Period, whichever is earlier, exercise any Option held by the Optionee, but only to the extent that the Optionee was entitled to exercise the Option at the date of such cessation. For greater certainty, any Optionee who is deemed to be an employee of the Corporation pursuant to any medical or disability plan of the Corporation shall be deemed to be an employee for the purposes of the Plan.

12. Death of Optionee

In the event of the death of an Optionee, the Option previously granted to him shall be exercisable within one (1) year following the date of the death of the Optionee or prior to the expiry of the Option Period, whichever is earlier, and then only:

- (a) by the person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or the laws of descent and distribution, or by the Optionee's legal personal representative; and
- (b) to the extent that the Optionee was entitled to exercise the Option at the date of the Optionee's death.

13. Optionee's Rights Not Transferable

No right or interest of any Optionee in or under the Plan is assignable or transferable, in whole or in part, either directly or by operation of law or otherwise in any manner except by bequeath or the laws of descent and distribution, subject to the requirements of the Exchange, or as otherwise allowed by the Exchange.

Subject to the foregoing, the terms of the Plan shall bind the Corporation and its successors and assigns, and each Optionee and his heirs, executors, administrators and personal representatives.

14. Takeover or Change of Control

The Corporation shall have the power, in the event of:

(a) any disposition of all or substantially all of the assets of the Corporation, or the dissolution, merger, amalgamation or consolidation of the Corporation with or into any other corporation or of such corporation into the Corporation, or

(b) any change in control of the Corporation,

to make such arrangements as it shall deem appropriate for the exercise of outstanding Options or continuance of outstanding Options, including without limitation, to amend any Stock Option Agreement to permit the exercise of any or all of the remaining Options prior to the completion of any such transaction. If the Corporation shall exercise such power, the Option shall be deemed to have been amended to permit the exercise thereof in whole or in part by the Optionee at any time or from time to time as determined by the Corporation prior to the completion of such transaction.

15. Anti-Dilution of the Option

In the event of:

(a) any subdivision, redivision or change of the Common Shares at any time during the term of the Option into a greater number of Common Shares, the Corporation shall deliver, at the time of any exercise thereafter of the Option, such number of Common Shares as would have resulted from such subdivision, redivision or change if the exercise of the Option had been made prior to the date of such subdivision, redivision or change;

(b) any consolidation or change of the Common Shares at any time during the term of the Option into a lesser number of Common Shares, the number of Common Shares deliverable by the Corporation on any exercise thereafter of the Option shall be reduced to such number of Common Shares as would have resulted from such consolidation or change if the exercise of the Option had been made prior to the date of such consolidation or change; or

(c) any reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares, or in case of the consolidation, amalgamation or merger of the Corporation with or into any other corporation (other than a consolidation, amalgamation or merger which does not result in a reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or in case of any transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation, at any time during the term of the Option, the Optionee shall be entitled to receive, and shall accept, in lieu of the number of Common Shares to which he was theretofore entitled upon exercise of the Option, the kind and amount of shares and other securities or property which such holder would have been entitled to receive as a result of such reclassification, change, consolidation, amalgamation, merger or transfer if, on the effective date thereof, he had been the holder of the number of Common Shares to which he was entitled upon exercise of the Option.

Adjustments shall be made successively whenever any event referred to in this section shall occur. For greater certainty, the Optionee shall pay for the number of shares, other securities or property as aforesaid, the amount the Optionee would have paid if the Optionee had exercised the Option prior to the effective date of such subdivision, redivision, consolidation or change of the Common Shares or such reclassification, consolidation, amalgamation, merger or transfer, as the case may be.

16. Costs

The Corporation shall pay all costs of administering the Plan.

17. Termination and Amendment

(a) The Board of Directors may amend or terminate this Plan or any outstanding Option granted hereunder at any time without the approval of the shareholders of the Corporation or any Optionee whose Option is amended or terminated, in order to conform this Plan or such Option, as the case may be, to applicable law or regulation or the requirements of the Exchange or any relevant regulatory authority, whether or not such amendment or

termination would affect any accrued rights, subject to the approval of the Exchange or such regulatory authority.

(b) The Board of Directors may amend or terminate this Plan or any outstanding Option granted hereunder for any reason other than the reasons set forth in Section 17(a) hereof, subject to the approval of the Exchange or any relevant regulatory authority and the approval of the shareholders of the Corporation if required by the Exchange or such regulatory authority. Subject to Exchange Policies, Disinterested Shareholder Approval will be obtained for any reduction in the exercise price of an Option if the Optionee is an Insider of the Corporation at the time of the proposed amendment. No such amendment or termination will, without the consent of an Optionee, alter or impair any rights which have accrued to him prior to the effective date thereof.

(c) The Plan, and any amendments thereto, shall be subject to acceptance and approval by the Exchange. Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless and until such approval and acceptance are given.

18. Applicable Law

This Plan shall be governed by, administered and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

19. Effective Date

This Plan will become effective as of and from March 31, 2014.

SCHEDULE B

FORM 58-101F2 CORPORATE GOVERNANCE DISCLOSURE

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”), the Corporation is required and hereby discloses its corporate governance practices as of the date of this Information Circular:

1. Board of Directors

As at January 31, 2014 the board of directors (the “Board”) is comprised of four directors.

Peter D. Wanner, and Scott White are independent (as that term is defined in NI 58-101) directors of the Corporation in that they are free from any interest and any business or other relationship which could or could reasonably be perceived to, materially interfere with the directors' ability to act with the best interests of the Corporation, other than the interests and relationships arising from shareholdings. Scott White is not standing for re-election, and Paul Cullingham has been nominated as a director and member of the audit committee of the Corporation, subject to shareholder approval at the Annual General Meeting.

Daniel Wettreich and Mark Wettreich are senior officers of the Corporation, and are therefore not independent, as that term is defined in NI 58-101.

The Board facilitates its exercise of independent supervision over the Corporation's management through frequent discussions with management and regular meetings of the Board.

2. Directorships

Name of Director	Name of Reporting Issuer
Daniel Wettreich	Zara Resources Inc. , Winston Resources Inc, Hadley Mining Inc, Leo Resources Inc, GreenBank Capital Inc,CNRP Mining Inc,
Mark Wettreich	Zara Resources Inc. , Winston Resources Inc, Hadley Mining Inc, Leo Resources Inc, GreenBank Capital Inc,CNRP Mining Inc,
Peter D. Wanner	Zara Resources Inc., Winston Resources Inc, Hadley Mining Inc, Leo Resources Inc, GreenBank Capital Inc,CNRP Mining Inc, Triumph Ventures II, First National Energy Corp
Scott White	Zara Resources Inc. , Winston Resources Inc, Hadley Mining Inc, Leo Resources Inc, GreenBank Capital Inc,CNRP Mining Inc, Minsud Resources Inc., Taggart Capital Corp., Triumph Ventures II Corp

3. Orientation and Continuing Education

While the Corporation does not have formal orientation and training programs, new directors are provided with access to publicly filed documents of the Corporation, technical reports, internal financial information, and management and technical experts and consultants.

4. Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation. Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the Board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction.

5. Nomination of Directors

The Board of Directors is responsible for identifying individuals believed to be qualified to become board members, consistent with criteria approved by the Board, and to nominate to stand for election at the Corporation's annual meeting of shareholders or, if applicable, at a special meeting of the shareholders. In case of vacancy in the office of a director (including a vacancy created by an increase in the size of the Board), the Board shall fill each such vacancy either through appointment by the Board or through election by shareholders. In recommending candidates, the Board of Directors shall take into consideration the opinions of management of the Corporation, the criteria approved by the Board and such other factors as it deems appropriate. These factors shall include judgment, skill, integrity, independence, diversity, experience with business and organizations of comparable size, the interplay of a candidate's experience with the experience of other Board members', willingness to commit the necessary time and energy to serve as director, and a genuine interest in the Corporation's business, and the extent to which a candidate would be a desirable addition to the Board or any committees of the Board.

6. Compensation

The Board of Directors provide an annual review of director and executive compensation to ensure development of a compensation strategy that properly aligns the interests of directors and executives with the long-term interests of the Corporation and its shareholders,

7. Board Committees

The Board has established an Audit Committee. The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the following areas: (i) the Corporation's external audit function; (ii) internal control and management information systems; (iii) the Corporation's accounting and financial reporting requirements; (iv) the Corporation's compliance with law and regulatory requirements; (v) the Corporation's risks and risk management policies; and (vi) such other functions as are delegated to it by the Board. Specifically, with respect to the Corporation's external audit function, the Audit Committee assists the Board in fulfilling its oversight responsibilities relating to: (i) the quality and integrity of the Corporation's financial statements; (ii) the independent auditors' qualifications; and (iii) the performance of the Corporation's independent auditors.

The Audit Committee's primary duties and responsibilities are to:

- (a) serve as an independent and objective party to monitor the Corporation's financial reporting and internal control system and review the Corporation's financial statements;
- (b) review and appraise the performance of the Corporation's external auditors; and
- (c) provide an open avenue of communication among the Corporation's auditors, financial and senior management and the Board.

The Audit Committee reports its deliberations and discussions regularly to the Board and submits to the Board the minutes of its meetings.

**SCHEDULE “C”
FORM 52-110F2 AUDIT COMMITTEE DISCLOSURE**

1. The Audit Committee's Charter

The Corporation's Audit Committee Charter is attached hereto as Exhibit 1.

2. Composition of the Audit Committee

The audit committee of the Corporation (the “**Audit Committee**”) consists of as many members as the board of directors (the “**Board**”) shall determine, but in any event not fewer than three (3) members who are appointed by the Board. The composition of the Audit Committee shall meet all applicable independence, financial literacy and other legal and regulatory requirements. The majority of the members of the Audit Committee shall be free from any relationship that, in the opinion of the Board of Directors, would reasonably interfere with the exercise of his or her independent judgment as a member of the Audit Committee, and at least one (1) member shall have ðaccounting or related financial experienceö. For the purposes of the Audit Committee's terms of reference, the definition of ðfinancially literateö is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation's financial statements.

The Board has appointed Daniel Wettreich, Peter D. Wanner and board nominee Paul Cullingham as members of the Audit Committee. All members of the Audit Committee are ðfinancially literateö as that term is defined in National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”) and Peter D. Wanner and Paul Cullingham are ðindependentö as that term is defined in NI 52-110.

3. Relevant Education and Experience

Name	Independent of the Corporation	Financially Literate	Relevant Education and Experience
Daniel Wettreich	No	Yes	Daniel Wettreich is a director and the Chairman, CEO and CFO of Leo Resources Inc. He has more than 40 years experience in venture capital, private equity, and management of publicly traded companies. He has been Chairman and CEO of Churchill Venture Capital LP, a Dallas, Texas private equity business, for more than 20 years, and is Managing Partner of Churchill Natural Resource Partners, LP, which invests in small cap mining companies. He has been a director of public companies listed on NASDAQ, the American Stock Exchange, the London Stock Exchange, the AIM Market of the London Stock Exchange, and the Vancouver Stock Exchange, a predecessor to the TSX Venture Exchange. These public companies have been in diverse businesses in internet technologies, oil and gas, retailing, telecommunications, media , and real estate. He has facilitated 12 reverse takeover transactions. He is a graduate of the University of Westminster with a BA in Business.
Peter D. Wanner	Yes	Yes	Peter D. Wanner is a director and member of the Audit Committee of Leo Resources. He is the Managing Director of IG Aviation Tax Services Inc., providing accounting services to the aviation industry. He is also a director of GreenBank Capital Inc., Bitcoin Canada Investments Inc., Bitcoin Angel

Name	Independent of the Corporation	Financially Literate	Relevant Education and Experience
Paul Cullingham	Yes	Yes	<p>Capital Inc, Leo Resources Inc, Hadley Mining Inc., CNRP Mining Inc., and Leo Resources Inc. He is a director and CEO of First National Energy Corp, a public company on the OTC in the USA, and has been a director and officer of a number of public companies. Peter received his Certified General Accountant designation in 1981 and after working in public accounting he became VP & Controller of Worldways Canada ó then Canada's third largest airline. He has 25 years of experience in accounting and financial consulting and has worked with companies in Canada, the United States, Mexico, and the United Kingdom.</p> <p>Paul Cullingham is a nominee director and nominee member of the Audit Committee of Leo Resources Inc. He has been in the investment industry since 1986 specializing in the resource and financial sectors, where he has worked for both large and medium-size Canadian companies, as well as a large Wall Street firm. He is President and CEO of Ubique Minerals, a private exploration company, and of MrBayStreet.com, an online portal for public company investors. He is a Director of Bitcoin Canada Investments Inc. , and Bitcoin Angel Capital Inc. Previously, Paul was the President and CEO of Celtic Minerals Inc., a public minerals company.</p>

Audit Committee Oversight

The Audit Committee has not made a recommendation to the Board of Directors to nominate or compensate an external auditor that has not been adopted by the Board.

4. Reliance on Certain Exemptions

Since the commencement of the Corporation's most recently completed financial year, the Corporation has not relied on the exemptions contained in Section 2.4 (*De Minimis Non-audit Services*) or Section 8 (*Exemptions*) of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed five percent (5%) of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

5. Pre-Approval Policies and Procedures

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable by the Audit Committee, on a case by case basis.

6. External Auditor Service Fees (By Category)

The aggregate fees charged to the Corporation by the external auditors for last two fiscal years are estimated as follows:

Nature of Services	Fees Paid to Auditor in Year-ended July 31,2012	Fees Paid to Auditor in Year-ended July 31, 2013
Audit Fees	Nil	\$5,000
Audit-Related Fees	Nil	NIL
Tax Fees	Nil	NIL
All Other Fees	Nil	NIL
Total	Nil	\$5,000

Notes:

“Audit Fees” include fees necessary to perform the annual audit and any quarterly reviews of the Corporation’s financial statements. This includes fees for the review of tax provisions and for accounting consultations on matters reflected in the financial statements. This also includes audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

“Audit-Related Fees” include fees for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation’s financial statements and that are not included in “Audit Fees”.

“Tax Fees” include fees for professional services rendered by the Corporation’s auditors for tax compliance, tax advice and tax planning.

“All Other Fees” include fees for products and services provided by the Corporation’s auditors other than the services included in “Audit Fees”, “Audit-Related Fees” and “Tax Fees”.

7. Exemption

The Corporation is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Corporation, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

Exhibit “1” Audit Committee Charter

Mandate

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation's systems of internal controls regarding finance and accounting, and the Corporation's auditing, accounting and financial reporting processes. Consistent with this function, the Audit Committee will encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

É serve as an independent and objective party to monitor the Corporation's financial reporting and internal control systems and review the Corporation's financial statements;

É review and appraise the performance of the Corporation's external auditors; and

É provide an open avenue of communication among the Corporation's auditors, financial and senior management and the Board of Directors.

Composition

The Audit Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would reasonably interfere with the exercise of his or her independent judgment as a member of the Audit Committee. At least one member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Audit Committee's Charter, the definition of “financially literate” is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation's financial statements. The members of the Audit Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting.

Meetings

The Audit Committee shall meet frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee will meet at least annually with the external auditors.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Audit Committee shall:

Documents/Reports Review

1. Review and update this Charter annually.
2. Review the Corporation's financial statements, MD&A and any annual and interim earnings, press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.
3. Confirm that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements.

External Auditors

1. Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Audit Committee as representatives of the shareholders of the Corporation.
2. Obtain annually, a formal written statement of the external auditors setting forth all relationships between the external auditors and the Corporation, consistent with the Independence Standards Board Standard 1.
3. Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
4. Take, or recommend that the full Board of Directors, take appropriate action to oversee the independence of the external auditors.
5. Recommend to the Board of Directors the selection and compensation and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
6. At each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements.
7. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
8. Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
9. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - (a) the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than five percent of the total amount of fees paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;
 - (b) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
 - (c) such services are promptly brought to the attention of the Audit Committee by the Corporation and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Audit Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Audit Committee. Provided the pre-approval of the non-audit services is presented to the Audit Committee's first scheduled meeting following such approval, such authority may be delegated by the Audit Committee to one or more independent members of the Audit Committee.

Financial Reporting Processes

1. In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external.
2. Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
3. Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management.

4. Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
5. Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
6. Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
7. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
8. Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
9. Review certification process.
10. Establish a procedure for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Other

Review any related-party transactions.

SCHEDULE D

FINANCIAL STATEMENTS

Leo Resources Inc. (as at July 31, 2013)

- attached hereto -

Buttle &Tavano Professional Corporation

Leo Resources Inc.

Audited Financial Statements

**For the period from
March 18, 2013
(date of incorporation)
to July 31, 2013**

(Expressed in Canadian Dollars)

MANAGEMENT'S REPORT

All information contained in these financial statements of Leo Resources Inc. “(the Company)” is the responsibility of management. Financial information presented throughout these statements is in conformity with International Financial Reporting Standards (“IFRS”) and may include amounts that are based on management's best estimates and judgements, where appropriate. Management acknowledges responsibility for the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management maintains a system of internal control to provide them with reasonable assurance that all assets are safeguarded and, to facilitate the preparation of relevant, reliable, and timely information and, has in place a process to provide them with reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

The Board of Directors carries out its responsibilities for financial reporting and internal control of the Company through its Audit Committee.

Buttle & Tavano Professional Corporation, the Company's independent external auditors provide an independent audit of the financial statements in conformity with IFRS. Their audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. They make an assessment of the accounting principles used and significant estimates made by management which allows them to report on the fairness of the financial statements prepared by management.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

The Board of Directors have approved the financial statements of the Company.

November 28, 2013.

Buttle & Tavano Professional Corporation

Chartered Accountants
4-348 Guelph St.
Halton Hills, ON L7G 4B5
T 905-873-8837
F 905-837-4605

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Leo Resources Inc.

We have audited the accompanying financial statements of Leo Resources Inc., which comprise the statements of financial position as at July 31, 2013, the statements of loss and comprehensive loss, the statements of changes in equity, the statements of cash flows for the period ended July 31, 2013 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

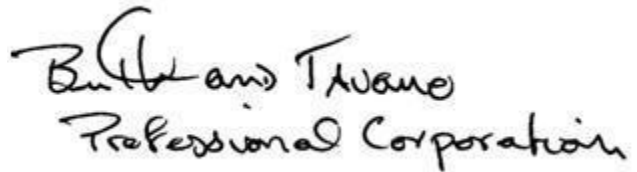
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Leo Resources Inc. as at July 31, 2013, the financial performance and its cash flows for the period ended July 31, 2013, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, the accompanying financial statements have been prepared assuming the Company will continue as a going concern. As more fully described in the Note 2 to these financial statements, the Company has not generated revenues to date and has incurred losses. These conditions raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of this uncertainty.

Halton Hills, Canada

A handwritten signature in black ink that reads "Buttle and Tavano Professional Corporation". The signature is written in a cursive, flowing style.

November 28, 2013.

Buttle and Tavano Professional Corporation
Authorized to practice public accounting by
Chartered Professional Accountants of Ontario

Leo Resources Inc.

Audited Statement of Financial Position

(Expressed in Whole Canadian Dollars)

**As at
July 31, 2013**

Assets

Current Asset

Cash

\$ 790

\$ 790

Liabilities

Current Liabilities

Accrued Liabilities

Due to Parent Company (Note 7)

\$ 5,000

1,000

6,000

Shareholder's Equity

Common Share Capital (Note 8)

Contributed Surplus

Deficit

1

7,500

(12,711)

Parent Company Investment and Total Equity

(5,210)

\$ 790

Going concern (Note 2)

Subsequent events (Note 12)

Approved on behalf of the Board of Directors:

/s/ Daniel Wettreich

_____ Director

The accompanying notes are an integral part of these financial statements

Leo Resources Inc.

Audited Statements of Loss and Comprehensive Loss

(Expressed in Whole Canadian Dollars, except per share amounts)

	Period from March 18, 2013 (date of incorporation) to July 31, 2013
<hr/>	
Operating Expenses (Note 7 and 11)	
Bank charges	\$ 211
Professional fees	<u>12,500</u>
Net (loss) and comprehensive (loss) for the period	<u><u>\$ (12,711)</u></u>
Basic and diluted (Loss) per common share	\$ (12,711)
Weighted number of common shares outstanding	1

The accompanying notes are an integral part of these financial statements

Leo Resources Inc.

Audited Statement of Changes in Equity

(Expressed in Whole Canadian Dollars)

Period from March 18, 2013 (date of incorporation) to July 31, 2013

	Common Share Capital		Contributed Surplus	Deficit	Total Equity
	Number of Shares	Amount			
<u>Issued for cash consideration:</u>					
Common shares issued for cash upon incorporation date of March 18, 2013	1	\$ 1	\$-	\$-	\$ 1
<u>Issued for cash consideration:</u>					
Expenses assumed by Parent Company (Note 7)	-	-	7,500	-	7,500
Net (loss) for the period	-	-	-	(12,711)	(12,711)
Balance –July 31, 2013	1	\$ 1	\$ 7,500	\$ (12,711)	\$ (5, 210)

The accompanying notes are an integral part of these financial statements

Leo Resources Inc.
Audited Statement of Cash Flows
(Expressed in Whole Canadian Dollars)

Period from March 18, 2013
(date of incorporation) to
July 31, 2013

Operating Activities	
Net (loss) for the period	\$ (12,711)
Expenses assumed by parent company <i>(Note 7)</i>	7,500
Changes in non-cash working capital:	
Accrued liabilities	5,000
Cash Used In Operating Activities	(211)
Financing Activities	
Due to Parent Company <i>(Note 7)</i>	1,000
Proceeds from issuance of common share <i>(Note 8)</i>	1
Cash from Financing Activities	1,001
Increase in Cash during the period and Cash – End of Period	\$ 790

The accompanying notes are an integral part of these financial statements

Leo Resources Inc.

Notes to Financial Statements

For the period from March 18, 2013 (*date of incorporation*) to July 31, 2013

(Expressed in Whole Canadian Dollars)

1. Governing Statutes and Nature of Operations

Leo Resources Inc. ("Leo" or "Company") was incorporated on March 18, 2013 in the Province of British Columbia. The Company is engaged in the business of acquisition, exploration and development of mining properties in Canada. The head office of the Company is located at 208 Queens Quay West, Suite 2506, Toronto, Ontario M5J 2Y5. At July 31, 2013, the Company is a wholly-owned subsidiary of Zara Resources Inc ("Zara") a Canadian public company. Following the completion of a plan of arrangement and the acquisition of a property from Zara on August 2, 2013, the Company is no longer a subsidiary of Zara. On August 16, 2013, the Company became a public company with its common shares listed for trading on the CNSX under the symbol "LEO".

2. Going Concern Assumption

These financial statements have been prepared on the basis of accounting principles applicable to a going concern. The use of these principles assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations. The Company is in the process of acquiring its first mineral exploration property therefore its exploration of this property and has not commenced. As such, it is unknown whether the property contains reserves that are economically recoverable. As a newly incorporated Company, that is commencing active operations; it incurs operating losses, which casts doubt about the Company's ability to continue as a going concern.

The business of mining and exploration involves a high degree of risk, as such there is no assurance that the Company's expected exploration programs will result in profitable mining operations. Until it is determined that the property it is acquiring contains mineral reserves or resources that can be economically mined, it is classified as an exploration and evaluation asset. The Company's continued existence is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in its properties, and making the required payments pursuant to mineral property share purchase agreements. The Company has not yet completed any acquisitions and it has yet to generate income and cash flows from its operations. There is also no assurance that the Company will be able to obtain the external financing necessary to explore, develop and bring to commercial production the property that it is acquiring.

3. Basis of Presentation and Statement of Compliance

Statement of Compliance

The financial statements have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS"), which includes the Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these financial statements are based on IFRS issued and outstanding as of November 28, 2013, being the date the board of director approved these financial statements.

Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for the measurement of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

Leo Resources Inc.

Notes to Financial Statements

For the period from March 18, 2013 (*date of incorporation*) to July 31, 2013

(Expressed in Whole Canadian Dollars)

3. Basis of Presentation and Statement of Compliance (Continued)

Functional and Presentation Currency

The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

4. Significant Accounting Policies

These financial statements have been prepared by management in accordance with IFRS. Outlined below are those policies considered particularly significant:

Significant Estimates and Judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods as well as the related notes to financial statements. Actual results could differ from those estimates.

The most significant estimates relate to impairment testing. The most significant judgments relate to the determination of the economic viability of a project. In determining these estimates, the Company relies on assumptions regarding applicable industry performance and prospects, as well as general business and economic conditions that prevail and are expected to prevail. These assumptions are limited by the availability of reliable comparable data and the uncertainty of predictions concerning future events.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be Individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount (the amount established and agreed to by the related parties).

Leo Resources Inc.

Notes to Financial Statements

For the period from March 18, 2013 (*date of incorporation*) to July 31, 2013

(Expressed in Whole Canadian Dollars)

4. Significant Accounting Policies (Continued)

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation that arose as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pretax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Current Income Taxes

Current income tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute current income tax assets and liabilities are measured at income tax rates, which have been enacted or substantively enacted at the reporting date.

Current income taxes are recognized in profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the applicable taxes are recognized in other comprehensive income or directly in equity.

Deferred Income Taxes

Deferred income taxes are provided using the liability method on temporary differences, at the date of the statement of financial position, between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, the carry forward of unused income tax credits and unused income tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the expected income tax rates that are expected to apply in the year in which the asset is to be realized or the liability is to be settled. The

Leo Resources Inc.

Notes to Financial Statements

For the period from March 18, 2013 (*date of incorporation*) to July 31, 2013

(Expressed in Whole Canadian Dollars)

expected income tax rate utilized is based upon income tax laws that have been enacted or substantively enacted at the date of the statement of financial position.

The deferred income taxes related to equity transactions are recognized directly equity and not in the statement of comprehensive income.

Deferred income tax assets and liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. An impairment loss is recognized in the statement of comprehensive income in the period of impairment, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years.

Leo Resources Inc.

Notes to Financial Statements

For the period from March 18, 2013 (*date of incorporation*) to July 31, 2013

(Expressed in Whole Canadian Dollars)

4. Significant Accounting Policies (Continued)

Exploration and evaluations assets (“E&E”)

E&E assets consist of exploration and mining concessions, options and contracts. Acquisition costs, lease costs and exploration costs are capitalized and deferred until such time as the property is put into production or the properties are disposed of either through sale or abandonment.

E&E costs consist of:

- Acquisition of exploration properties;
- Gathering exploration data through topographical and geological studies;
- Exploratory drilling, trenching and sampling;
- Determining the volume and grade of the resource;
- Test work on geology, metallurgy, mining, geotechnical and environmental; and
- Conducting engineering, marketing and financial studies.

Loss per share and comprehensive loss per share

The basic loss per share and comprehensive loss per share is computed by dividing the net loss and net comprehensive loss respectively, by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The treasury stock method is used for the assumed proceeds upon exercise of the options and warrants that are used to purchase common shares at the average market price during the period.

Comprehensive income (loss)

Comprehensive income is the change in equity of the Company during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes to equity during a period except those resulting from investments by owners and distributions to owners.

Comprehensive income is comprised of net income for the period and other comprehensive income. The standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in “other comprehensive income” until it is considered appropriate to recognize into net income (loss).

The Company had no comprehensive income or loss transactions, other than its net loss, nor has the Company accumulated other comprehensive income during periods that have been presented.

Leo Resources Inc.

Notes to Financial Statements

For the period from March 18, 2013 (*date of incorporation*) to July 31, 2013

(Expressed in Whole Canadian Dollars)

4. Significant Accounting Policies (Continued)

Accounting for stock-based compensation

The Company has adopted IFRS 2, Share Based Payment, for the recognition, measurement, and disclosure of stock-based compensation. The Company's options vest on granting therefore, compensation expense is recognized at that time with the same amount being recorded as contributed surplus. The expense is determined using an option pricing model that takes into account the exercise price, the term of the option, the current share price, the expected volatility of the underlying shares, the expected dividend yield, and the risk free interest rate for the term of the option. If the options are exercised, contributed surplus will be reduced by the applicable amount. Stock-based compensation calculations have no effect on the Company's cash position.

Equity Settled Share –Based Payment Transactions

The costs of equity settled transactions are recognized, together with a corresponding increase in equity, over the period in which the goods or services are received. The Company measures the goods or services received, unless that fair value cannot be estimated reliably. When the Company cannot estimate reliably the fair value of the goods or services received then the Company measures their fair value, and the corresponding increase in equity by reference to the fair value of the equity instruments issued as payment.

Share Capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary common shares are classified as equity instruments. Incremental Direct costs directly attributable to the issue of new shares are recognized in equity as a reduction from the gross proceeds received from the issued shares.

Leo Resources Inc.

Notes to Financial Statements

For the period from March 18, 2013 (*date of incorporation*) to July 31, 2013

(Expressed in Whole Canadian Dollars)

4. Significant Accounting Policies (Continued)

Financial Assets and Financial Liabilities

Recognition: The Company initially recognizes loans and advances, deposits and liabilities on the date at which they are originated. All other financial assets and liabilities, including assets and liabilities designated at fair value through profit or loss, are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Valuation of Financial Instruments: The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly; i.e. as prices; or indirectly; i.e., derived from prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Cash, Accrued liabilities and Due to Parent Company are considered Level 1 in the hierarchy.

Leo Resources Inc.

Notes to Financial Statements

For the period from March 18, 2013 (*date of incorporation*) to July 31, 2013

(Expressed in Whole Canadian Dollars)

4. Significant Accounting Policies (Continued)

De-recognition: The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting: Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions.

Amortized cost measurement: The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

Identification and measurement of impairment: At each reporting date the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a Company of financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets, and that the loss event has an impact on the future cash flows of the assets that can be estimated reliably.

Financial Assets and Financial Liabilities

Objective evidence that financial assets, including equity securities, are impaired may include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or receivable by the Company that would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a Company of assets such as adverse changes in the payment status of borrowers or issuers in the Company, or economic conditions that correlate with defaults in the Company. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by comparing together loans and receivables with similar risk characteristics.

Leo Resources Inc.

Notes to Financial Statements

For the period from March 18, 2013 (*date of incorporation*) to July 31, 2013

(Expressed in Whole Canadian Dollars)

4. Significant Accounting Policies (Continued)

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in profit or loss and reflected in an allowance account against loans and receivables. Interest on impaired assets continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Designation at fair value through profit or loss: The Company has designated financial assets and liabilities at fair value through profit or loss in the following circumstances:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis.
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.
- The asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Future Accounting Policies

At the date of authorization of these Financial Statements, the IASB has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting period.

- IFRS 9 '*Financial Instruments: Classification and Measurement*' – effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.
- IFRS 10 '*Consolidated Financial Statements*' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
- IAS 32 '*Financial instruments, Presentation*' – In December 2011, effective for annual periods beginning on or after January 1, 2013, IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date.
- IFRS 13 '*Fair Value Measurement*' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy

Leo Resources Inc.

Notes to Financial Statements

For the period from March 18, 2013 (*date of incorporation*) to July 31, 2013

(Expressed in Whole Canadian Dollars)

4. Significant Accounting Policies (Continued)

The Company has not early adopted these standards. The Company is currently assessing the impact the application of these standards may have on the financial statements of the Company.

5. Financial Risk Management

Financial Risk Management Objectives and Policies

The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management manages financial risks. Where material, these risks will be reviewed and monitored by the Board of Directors. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial Risks

The Company's main financial risk exposure and its financial risk management policies are as follows:

Market Risk

Market risk is the risk of uncertainty arising primarily from possible commodity market price movements and their impact on the future economic viability of the Company's projects and ability of the Company to raise capital. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis and adjusting operating and exploration budgets accordingly.

Fair Value Risk

Fair value risk is the potential for fair value fluctuations in the value of a financial instrument. The level of market risk to which the Company is exposed varies depending on market conditions, and expectations of future price and yield movements. The Company believes the carrying amounts of its financial assets and financial liabilities are a reasonable approximation of fair value.

Interest Rate Risk

The savings accounts are at variable rates. Consequently, the Company is exposed to a fluctuation of the interest rate on the market which could vary the interest income on the savings accounts. The Company does not use financial derivatives to decrease its exposure to interest risk.

Leo Resources Inc.

Notes to Financial Statements

For the period from March 18, 2013 (date of incorporation) to July 31, 2013

(Expressed in Whole Canadian Dollars)

5. Financial Risk Management (Continued)

Liquidity Risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, including 30-day, 180-day and 360-day lookout periods. As at July 31, 2013, the Company had \$790 in cash. The Company anticipates having sufficient funds after the closing of its plan of arrangement (Note 11) to carry out a limited exploration and acquisition program, pursue and evaluate new resources projects and meet its corporate and administrative expenses for the next twelve months.

The carrying values, which approximate fair values, of the Company's financial instruments are as follows:

	July 31, 2013	
<i>Financial Assets</i>		
Fair value through profit and loss		
Cash	\$	790
<i>Financial Liabilities</i>		
Other financial liabilities		
Accrued liabilities	\$	5,000
Due to Parent Company (Note 7)	\$	1,000

Leo Resources Inc.

Notes to Financial Statements

For the period from March 18, 2013 (*date of incorporation*) to July 31, 2013

(Expressed in Whole Canadian Dollars)

6. Capital Management

The Company manages its capital structure and makes adjustments to it in light of the changes in economic conditions and the risk characteristics of its underlying assets and the funds available to the Company, in order to support the acquisition, exploration and development of E&E and to ensure it continues as a going concern. In order to maintain or adjust the capital structure, the Company may issue new shares and acquire or sell mining properties to improve its financial performance and flexibility. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the Company.

The Company defines its capital as its shareholder's equity. To effectively manage the Company's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives. As needed, the Company raises funds through private placements or other equity financings. The Company does not utilize long term debt as the Company does not currently generate operating revenues. There is no dividend policy.

There has been significant market turbulence worldwide due to the credit crisis and potential of a global recession. These market conditions have, and are expected to continue to have, an adverse impact on the ability to secure equity funding. The Company is required to rely on equity financing to raise capital, but its ability to do may be impacted by the current global situation and economic uncertainties. Management has considered how these conditions have impacted the Company's viability given its current capital structure and considers that until the outcome of future financing activities is known there is considerable uncertainty about the appropriateness of the use of the going concern basis of accounting, but in the absence of any other information management believes that the going concern basis of accounting remains appropriate..

The Company had \$5,210 in negative working capital at July 31, 2013.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable considering the nature and relative size of the Company. The Company is not subject to externally imposed capital requirements.

Leo Resources Inc.

Notes to Financial Statements

For the period from March 18, 2013 (date of incorporation) to July 31, 2013

(Expressed in Whole Canadian Dollars)

7. Related Party Transactions and Due to Parent Company

Expenses of \$7,500 were assumed by Zara. A loan in the sum of \$1,000 was made during the period from the Parent Company and is due on demand and has no set repayment terms.

8. Share Capital

(a) The Company's authorized share capital consists of:

- (i) an unlimited number of common shares
- (ii) an unlimited number of Series A preferred shares – non-voting, non-retractable, non-redeemable without dividend, no par value

Issued	Number of Shares	Amount
Inception, March 18, 2013 and July 31, 2013	1	\$0.10*

*rounded to the nearest dollar

9 Stock Options

The Company has adopted a stock option plan (the "Plan"). Pursuant to the Plan, the Board of Directors may from time to time in its discretion, and in accordance with the Exchange Requirements, grant non-transferable options to purchase shares to directors, officers, founders, employees, persons engaged to provide investor relations activities and consultants of the Company.

Leo Resources Inc.

Notes to Financial Statements

For the period from March 18, 2013 (*date of incorporation*) **to July 31, 2013**

(Expressed in Whole Canadian Dollars)

9. Stock Options (continued)

The options granted under the Plan together with all of the Company's other previously established stock option plans or grants, shall not result at any time in:

- (a) the number of Common Shares reserved for issuance pursuant to Options granted to Insiders exceeding 10% of the outstanding Common Shares;
- (b) the grant to Insiders within a 12-month period, of a number of Options exceeding 10% of the outstanding Common Shares;
- (c) the grant to any once (1) optionee within a twelve month period, of a number of options exceeding 5% of the issues and outstanding Common Shares unless the Company obtains the requisite disinterested shareholder approval;
- (d) the grant to all persons engaged by the Corporation to provide investor relations activities, within any twelve-month period, of options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the Company's issued and outstanding Common Shares; or
- (e) the grant to any one consultant, in any twelve-month period, of Options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the Company's issued and outstanding Common Shares.

An optionee shall be entitled to exercise an Option granted to him/her at any time prior to the expiry of the option period and to vesting limitations imposed by the Board of directors at the time such Option is granted.

Exercise prices shall be determined by the Board of Directors. The exercise price shall not be less than the closing price (the "market price") of the shares on the exchange immediately preceding the day on which the Board grants the options and provides such notice to the exchange.

As at July 31, 2013, no stock options were granted.

Leo Resources Inc.

Notes to Financial Statements

For the period from March 18, 2013 (date of incorporation) to July 31, 2013

(Expressed in Whole Canadian Dollars)

10. Income taxes

The significant components of the Company's deferred income taxes were as follows at December 31:

Deferred income tax assets	2013	
Benefit of losses	\$	12,700
Less: Valuation allowance		(12,700)
Deferred Income tax assets	<u>\$</u>	<u>nil</u>

The following is a reconciliation of the statutory combined federal and provincial income taxes to the effective income taxes for the period ended July 31:

	2013	
Income tax recovery at statutory income tax rates (26.5%)	\$	3,370
Tax benefits (not recognized)	\$	(3,370)
Income taxes	<u>\$</u>	<u>nil</u>

At July 31, 2013, the Company had carry-forward losses available to reduce future years' income taxes of approximately \$12,700. The potential benefit of these losses have not been recognized in the Company's accounts as there is no reasonable assurance such benefit will be realized. Temporary differences, which can be used to reduce deferred income taxes at July 31, 2013, amount to \$nil. The non-capital loss will expire in 2033.

Leo Resources Inc.

Notes to Financial Statements

For the period from March 18, 2013 (*date of incorporation*) to July 31, 2013

(Expressed in Whole Canadian Dollars)

11. Plans of Arrangement

On March 20, 2013, the Company entered into a Purchase Agreement (the "Agreement") with its parent company Zara. Under the terms of the Agreement, the Company agreed to purchase from Zara, all of Zara's rights, interests, obligations and benefits of the Riverbank property ("Riverbank") for \$358,000. The Riverbank property consists of 8 unpatented mining claims comprising 87 claim units covering an area of approximately 1,392 hectares. The claims are located in the Kasabonika-McFauld's Greenstone Belt about 550 km northeast of Thunder Bay and 350 north of Geraldton, Ontario.

Riverbank is subject to a pre-existing 2% NSR payable to Melkior Resources Inc. .

In consideration, the Company will issue 13,737,500 common shares to Zara at an attributed issue price of \$0.02606 per share for a total of \$358,000. In addition, as part of the Agreement, the Company will issue at closing to Zara, 100,000 Series A preferred shares for the sum of \$100,000 cash.

On March 20, 2013, Zara announced that its board of directors has unanimously approved a proposal to spin-off to its shareholders 100% of its shares in the Company. Following the spin-off, the Company will apply for listing its common shares on the CNSX.

The spin-off will be transacted by way of a statutory plan of arrangement (the "Zara Plan") under the Business Corporations Act (British Columbia). Pursuant to the terms of the Zara Plan, Zara will distribute 13,737,500 common shares of the Company to holders of common shares of the Zara on the Share Distribution Record Date. Each Company shareholder of record on the Share Distribution Record Date will receive 1 common share in the capital of the Company for every 2 common shares in the capital of Zara.

A Special Meeting ("Meeting") of shareholders of Zara was held on May 14, 2013 at which time the Zara shareholders voted to approve the Zara Plan and a continuance of Zara into British Columbia. The spin-off is subject to numerous conditions including court approval, and completion of all regulatory filings. The continuance was granted during the period and will facilitate the spin off under the Business Corporations Act of British Columbia.

Leo Resources Inc.

Notes to Financial Statements

For the period from March 18, 2013 (date of incorporation) to July 31, 2013

(Expressed in Whole Canadian Dollars)

11. Plans of Arrangement

The following pro-forma reflects the financial position of the Company on August 3, 2013 after the date of closing.

	<u>August 2, 2013</u>
Assets	
Current Asset	
Cash	\$ 100,790
	<hr/>
Mineral Property – Exploration and Evaluation Costs	358,000
	<hr/>
	\$ 458,790
	<hr/> <hr/>
Liabilities	
Current Liabilities	
Accrued Liabilities	5,000
Due to Parent Company	\$ 1,000
	<hr/>
	6,000
Shareholder's Equity	
Common Share Capital	358,001
Preferred Shares	100,000
Contributed Surplus	7,500
Deficit	(12,711)
	<hr/>
	452,790
	<hr/>
	\$ 458,790
	<hr/> <hr/>

Leo Resources Inc.

Notes to Financial Statements

For the period from March 18, 2013 (*date of incorporation*) **to July 31, 2013**

(Expressed in Whole Canadian Dollars)

12. Events after the Reporting Period

On August 2, 2013 the Zara Plan was approved by the Supreme Court of British Columbia and the purchase by the Company of Riverbank and the spin off to Zara shareholders was completed. Accordingly the Company is no longer a subsidiary of Zara and the Riverbank property becomes the property of the Company. The Company was listed on the CNSX on August 16, 2013 under the symbol "LEO."

SCHEDULE E
MANAGEMENT DISCUSSION & INFORMATION

Leo Resources Inc. (as at July 31, 2013)

- attached hereto -

LEO RESOURCES INC

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE PERIOD FROM INCEPTION TO JULY 31, 2013

(Prepared by Management on November 28, 2013)

208 Queens Quay West, Suite 2506

Toronto, Ontario, M5J2Y5

Tel: (647) 693 9414

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF JULY 31, 2013 TO ACCOMPANY THE AUDITED COMBINED FINANCIAL STATEMENTS OF LEO RESOURCES INC (THE "COMPANY" OR "LEO") FOR THE PERIOD ENDED JULY 31, 2013.

The following Management's Discussion and Analysis should be read in conjunction with the audited financial statements of the Company for the period from March 18, 2013 (date of incorporation) to July 31, 2013, which were prepared in accordance with International Financial Reporting Standards ("IFRS") and the notes thereto. All financial amounts are stated in Canadian currency unless stated otherwise.

This MD&A contains certain forward-looking statements based on the best beliefs, and reasonable assumptions of the management of the Company. There are many risks and uncertainties attached to the mineral exploration business. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. (See "Risks and Uncertainties" in this MD&A for more information).

DESCRIPTION OF THE BUSINESS

Overview

Leo Resources was formed on March 18, 2013 and is a minerals company focusing its main efforts on developing its Riverbank property in Ontario. The NI43-101 Technical reports for Riverbank is available under Leo's profile on SEDAR at www.sedar.com, and on the Company's website at www.LeoResourcesInc.com

During the reporting period, Leo was a subsidiary of Zara Resources Inc. ("Zara"). On March 20, 2013, Zara announced a proposal to spin-off to its shareholders 100% of Leo. The spin-off was transacted by way of a statutory plan of arrangement (the "Leo Plan") under the Business Corporations Act (British Columbia). Upon completion of the Leo Plan, Leo owns 100% of Riverbank. Pursuant to the terms of the Leo Plan, Zara distributed 13,737,500 common shares of Leo. A Special Meeting of Zara shareholders was held on May 14, 2013 at which shareholders approved the Leo Plan. On August 2, 2013 the spin-off received all necessary court approvals and the plan of arrangement was subsequently completed. Leo listed on the CNSX on August 16, 2013.

On March 20, 2013 Leo entered into an agreement with Zara to acquire 100% of the Riverbank claims ("Riverbank") for \$358,000 to be satisfied by the issuance of 13,737,500 common shares of Leo. In addition Zara also subscribed for 100,000 Non-Voting Series A Preferred Shares for the sum of \$100,000 cash. Riverbank is also subject to a pre-existing 2% NSR.

Riverbank is located in the Kasabonika-McFauld's Greenstone Belt about 540 km to the north east of Thunder Bay and 350 km north of Geraldton, Ontario. It consists of 8 unpatented mining claims comprising 87 claim units covering an area of approximately 1392 ha. The property is believed to be underlain in part by mafic to ultramafic rocks that potentially could host nickel-copper mineralization.

MINERAL PROPERTIES

Riverbank Nickel-Copper Project

The Riverbank property consists of 8 unpatented mining claims comprising 87 claim units covering an area of approximately 1392 ha. The property is located in the Kasabonika-McFauld's Greenstone belt, part of the Sachigo sub-province of the Precambrian Shield area of Northwestern Ontario, approximately 540 km north-north east of Thunder Bay, Ontario and 350 km north of Geraldton, Ontario

The project area is located along the western margin of the James Bay Lowlands within the Tundra Transition Zone consisting primarily of string bog and muskeg whereby the water table is very near the surface. Average elevation is approximately 170 m above mean sea level. The property area is predominantly flat muskeg with poor drainage due to the lack of relief. Glacial features are abundant in the area and consist of till deposits, eskers, and drumlins, all of which are typically overlain by marine clays from the Hudson Bay transgression. The Riverbank property is believed to be underlain in part by mafic to ultramafic rocks that potentially could host nickel –copper mineralization. Prior to the acquisition of Leo's interest in the property the previous owners completed an airborne VTEM survey and associated aeromagnetic survey by Geotech. This was followed by one diamond drill hole in 2011 totaling 216 m. A number of conductive trends are present on the Riverbank property. The work to date indicates that the property is underlain by rocks that include ultramafic bodies. The geophysics done to date indicates that the target model of mafic-ultramafic associated nickel bearing magmatic sulphides is valid. Exploration over the property to date has consisted primarily of geophysics followed by limited diamond drilling.

INTEREST IN MINERAL PROPERTIES

The full capitalized cost of the mineral properties is reflected in the accompanying financial statements

EXECUTIVE COMPENSATION

There has been no executive compensation paid to the executives of the Company since its inception.

FINANCIAL STATEMENTS GOING CONCERN ASSUMPTION

The financial statements have been prepared on the basis of accounting principles applicable to a going concern. The use of these principles assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations. The Company is in the process of acquiring its first mineral exploration property therefore its exploration of this property has not commenced. As such, it is unknown whether the property contains reserves that are economically recoverable. As a newly incorporated Company, that is commencing active operations; it incurs operating losses, which casts doubt about the Company's ability to continue as a going concern.

The business of mining and exploration involves a high degree of risk, as such there is no assurance that the Company's expected exploration programs will result in profitable mining operations. Until it is determined that the property it is acquiring contains mineral reserves or resources that can be economically mined, it is classified as an exploration and evaluation asset. The Company's continued existence is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in its properties, and making the required payments pursuant

to mineral property share purchase agreements. The Company completed its first acquisition on August 2, 2013 and it has yet to generate income and cash flows from its operations. There is also no assurance that the Company will be able to obtain the external financing necessary to explore, develop and bring to commercial production the property that it is acquiring.

RESULTS OF OPERATIONS

The Company is in the development stage and therefore did not have revenues from operations. For the period ended July 31, 2013 the Company incurred a comprehensive loss of \$12,711(\$12,711 loss per share).

The organization of the Company's common share took place on March 18, 2013, resulting in 1 common share being issued at \$0.10 per share.

Selected Quarterly Financial Information

The following table provides selected financial information that should be read in conjunction with the audited Financial Statements and Notes of the Company for the applicable period.

Summary of Results (Expressed in Whole Canadian Dollars, except per share amounts)

	Period from March 18, 2013 – April 30, 2013	Three months ended July 31, 2013	Period from March 18, 2013 – July 31, 2013
Net Loss & Deficit	\$(7,500)	\$(5,211)	\$(12,711)
Interest in Mineral Properties	\$NIL	\$NIL	\$NIL
Current Assets	\$1	\$790	\$790
Total Assets	\$1	\$790	\$790
Total Liabilities	\$NIL	\$6,000	\$6,000
Contributed Surplus	\$7,500	\$7,500	\$7,500
Shareholder's Equity	\$1	\$(5,210)	\$(5,210)
Basic and diluted loss per share	\$7,500	\$5,211	\$12,711
1 Common Share Outstanding (rounded to the nearest dollar)	\$0.10	\$0.10	\$0.10

The loss recorded by the Company for the period from March 18, 2013 to April 30, 2013 relates to professional fees incurred. For the period May 1, 2013 to July 31, 2013 an additional loss of \$5,211 was recorded, resulting in a cumulative loss and deficit from March 18, 2013 to July 31, 2013 of \$12,711. The reason for the increased loss from May 1, 2013 to July 31, 2013 was additional professional fees of \$5,000 and bank fees of \$211. In the period May 1, 2013 to July 31, 2013 Zara provided an interest free loan, due on demand in the amount of \$1,000.

Liquidity and Solvency

At July 31, 2013 the Company had cash of \$790 and negative working capital of \$5,210. The Company will need access to equity capital to pursue its business plan and there is no guarantee that equity may be available, and if available it may not be on terms that Management finds is in the interest of the Company.

The following table summarizes the Company's cash on hand, working capital and cash flow.

	April 30, 2013	July 31, 2013
Cash	\$1	\$790
Working Capital (Negative)	\$1	\$ (5,210)
Cash Used in Operating Activities	\$NIL	\$211
Cash Provided by Financing Activities	\$NIL	\$1,001
Increase in Cash (being cash at the end of the period)	\$NIL	\$790

The Company is dependent on the sale of newly issued shares to finance its exploration activities, property acquisition payments and general and administrative costs. The Company will have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities.

Capital Resources

The Company has no operations that generate cash flow and its long term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable. The Company's primary asset as at July 31, 2013 is cash.

The following is a summary of the Company's outstanding share, warrant and stock options data as of November 28, 2013.

Common Shares

The authorized capital of the issuer consists of an unlimited number of common shares without par value of which 13, 737,501 are outstanding as of November 28, 2013. Holders of the issuer's common shares are entitled to vote at all meetings of shareholders declared by the directors, and subject to the rights of holders of any shares ranking in priority to or on a parity with the common shares, to participate rateably in any distribution of property or assets upon the liquidation, winding up or dissolution of the Issuer.

Preferred Shares The Authorized capital of the Issuer consists of an unlimited number of preferred shares without par value, of which 100,000 are issued or outstanding as of November 28, 2013. The preferred shares rank in priority to the common shares upon the liquidation, winding up or other dissolution of the Issuer.

Stock Options

Options to purchase common shares in the capital of Leo are granted by Leo's Board of Directors to eligible persons pursuant to Leo's 2013 Stock Option Incentive Plan. During the period ended July 31, 2013, Leo

granted no stock options.

At November 28, 2013, no options were outstanding.

Warrants

At November 28, 2013 the Company had no warrants and brokers warrants outstanding.

Outlook and Capital Requirements

There is no guarantee that market conditions will be conducive to raising additional equity capital. Depending on future events, the rate of Company expenditures and general and administrative costs could increase or decrease.

Related Parties Transactions

Related party transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties. Expenses of \$7,500 were assumed by Zara, which as at July 31, 2013 was the Parent Company. A loan in the sum of \$1,000 was made during the period from Zara and is due on demand and has no set repayment terms.

During the period ended July 31, 201, no management fees were payable.

Contractual Obligations

There are no contractual obligations, aside from those disclosed in this MD&A, that will materially affect the performance of the Company.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet transactions.

Proposed Transactions

There are no proposed transactions that will materially affect the performance of the Company other than those disclosed in this MD&A.

Accounting Policies

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and may require management to make judgments or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with IFRS. In preparing financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available. These financial statements have been prepared by management in accordance with IFRS. Outlined below are those policies considered particularly significant:

Significant Estimates and Judgments

The preparation of financial statements requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods as well as the related notes to financial statements. Actual results could differ from those estimates. The most significant estimates relate to the valuation of deferred income taxes, impairment testing of exploration and evaluation assets, and the calculation of share-based payments. The most significant judgments relate to recognition of deferred tax assets and liabilities and the determination of the economic viability of a project. In determining these estimates, the Company relies on assumptions regarding applicable industry performance and prospects, as well as general business and economic conditions that prevail and are expected to prevail. These assumptions are limited by the availability of reliable comparable data and the uncertainty of predictions concerning future events.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be Individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount (the amount established and agreed to by the related parties).

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation that arose as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Current Income Taxes

Current income tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute current income taxes are measured at income tax rates, which have been enacted or substantively enacted at the reporting date. Current income taxes are recognized in profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the applicable taxes are recognized in other comprehensive income or directly in equity.

Deferred Income Taxes

Deferred income taxes are provided using the liability method on temporary differences at the end of each reporting period. These taxes represent the difference between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, the carry forward of unused income tax credits and unused income tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable income will be available

to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the expected income tax rates that are expected to apply in the year in which the asset is to be realized or the liability is to be settled. The expected income tax rate utilized is based upon income tax laws that have been enacted or substantively enacted at the date of the statement of financial position. The deferred income taxes related to equity transactions are recognized directly equity and not in the statement of comprehensive income. Deferred income tax assets and liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. An impairment loss is recognized in the statement of comprehensive income in the period of impairment, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years.

Exploration and evaluations assets ("E&E")

E&E assets consist of exploration and mining concessions, options and contracts. Acquisition costs, lease costs and exploration costs are capitalized and deferred until such time as the property is put into production or the properties are disposed of either through sale or abandonment.

E&E costs consist of:

- Acquisition of exploration properties;
- Gathering exploration data through topographical and geological studies;
- Exploratory filing, trenching and sampling;
- Determining the volume and grade of the resource;
- Test work on geology, metallurgy, mining, geotechnical and environmental; and
- Conducting engineering, marketing and financial studies.

Cash

Cash is comprised of non-interest bearing cash deposit balances, which are subject to insignificant risk of changes in their fair value. Cash is used by the Company in the management of its short-term commitments. Cash is carried at fair value through profit or loss in the statement of financial position.

Equity Settled Share -Based Payment Transactions

The costs of equity settled transactions are recognized, together with a corresponding increase in equity, over the period in which the goods or services are received. The Company measures the goods or services received, unless that fair value cannot be estimated reliably. When the Company cannot estimate reliably the fair value of the goods or services received then the Company measures their fair value and the corresponding increase in equity by reference to the fair value of the equity instruments issued as payment.

Share Capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary common shares are classified as equity instruments. Incremental Direct costs directly attributable to the issue of new shares are recognized in equity as reductions from the gross proceeds received from the issued shares.

Financial Assets and Financial Liabilities

Recognition: The Company initially recognizes loans and advances, deposits and liabilities on the date at which they are originated. All other financial assets and liabilities, including assets and liabilities designated at fair value through profit or loss, are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Valuation of Financial Instruments: The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, etc. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument

Level 2: Valuation techniques based on observable inputs, either directly; i.e. as prices; or indirectly; i.e., derived from prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Cash, Accrued liabilities and Due to Parent Company are considered Level 1 in the hierarchy.

De-recognition: The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting: Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under EFRSs, or for gains and losses arising from a group of similar transactions.

Amortized cost measurement: The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

Identification and measurement of impairment: At each reporting date the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a Company of financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets, and that the loss event has an impact on the future cash flows of the assets that can be estimated reliably. Objective evidence that financial assets, including equity securities, are impaired may include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or receivable by the Company that would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a Company of assets such as adverse changes in the payment status of borrowers or issuers in the Company, or economic conditions that correlate with defaults in the Company. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by comparing together loans and receivables with similar risk characteristics.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in profit or loss and reflected in an allowance account against loans and receivables. Interest on impaired assets continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Designation at fair value through profit or loss: The Company has designated financial assets and liabilities at fair value through profit or loss in the following circumstances:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis.
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.
- The asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract

Loss per share and comprehensive loss per share

Comprehensive loss per share is calculated based on the weighted average number of shares issued and outstanding during the quarter or year, as appropriate. In the years when the Company reports a net loss and comprehensive net loss, the effect of potential issuances of shares under options and warrants would be anti-dilutive and, therefore, basic and diluted loss per share is the same. For the period ended July 31, 2013, all the outstanding options and warrants were anti-dilutive.

Foreign currency transactions

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of each entity is the Canadian Dollar. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of the monetary assets and liabilities denominated in foreign currencies are recognized in operations.

Future Accounting Policies

The International Accounting Standards Board ("IASB") issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company's financial year beginning on or after August 1, 2013. For the purpose of preparing and presenting the financial statements for the relevant periods, the Company has consistently adopted all new standards for the relevant reporting periods.

At the date of authorization of these financial statements, the IASB issued the following Standards that are effective for reporting periods ending after these financial statements and which the Company may be required to adopt in future reporting periods.

- IFRS 9 'Financial Instruments: Classification and Measurement' - effective for annual periods beginning on or after March 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.
- IFRS 10 'Consolidated Financial Statements' - effective for annual periods beginning on or after March 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
- IFRS 11 'Joint Arrangements' - effective for annual periods beginning on or after March 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.
- IFRS 12 'Disclosure of Interests in Other Entities' - effective for annual periods beginning on or after March 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.
- IFRS 13 'Fair Value Measurement*' - effective for annual periods beginning on or after March 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

IFRS 13 Fair Value Measurement was issued in May 2011 and defines fair value, sets out in a single standard a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. The main features of the new standard include the fact that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). Fair value measurements are based on the assumptions that market participants would use when pricing the item being measured under current market conditions, including assumptions about risk (i.e., it is a market-based, rather than entity-specific, measurement). When measuring the fair value of a non-financial asset, an entity considers the highest and best use of the asset, and whether the asset is used in combination with other assets or on a stand-alone basis. A fair value hierarchy categorizes into three levels the inputs to valuation techniques used to measure fair value and gives priority to observable inputs. An entity discloses information about the valuation techniques and inputs it has used, as well as the uncertainty inherent in its fair value measurements.

The Company has not early adopted these standards, amendments and interpretations, however it is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

Financial Instruments and Risk Management

The Company has designated its cash at fair value through profit and loss. Trade and other payables and advances from related party are designated as other financial liabilities, which are measured at amortized cost.

Financial Risk Management Objectives and Policies

The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management manages financial risks. Where material, these risks will be reviewed and monitored by the Board of Directors. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial Risks

The Company's main financial risk exposure and its financial risk management policies are as follows:

Market Risk

Market risk is the risk of uncertainty arising primarily from possible commodity market price movements and their impact on the future economic viability of the Company's projects and ability of the Company to raise capital. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis and adjusting operating and exploration budgets accordingly

Fair Value Risk

Fair value risk is the potential for fair value fluctuations in the value of a financial instrument. The level of market risk to which the Company is exposed varies depending on market conditions, and expectations of future price and yield movements. The Company believes the carrying amounts of its financial assets and financial liabilities are a reasonable approximation of fair value.

Interest Rate Risk

The savings accounts are at variable rates. Consequently, the Company is exposed to a fluctuation of the interest rate on the market which could vary the interest income on the savings accounts. The Company does not use financial derivatives to decrease its exposure to interest risk.

Liquidity Risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. The Company anticipates having sufficient funds to carry out an exploration and acquisition program, pursue and evaluate new resources projects and meet its corporate and administrative expenses for the next twelve months.

Capital Management

The Company manages its capital structure and makes adjustments to it in light of the changes in economic conditions and the risk characteristics of its underlying assets and the funds available to the Company, in order to support the acquisition, exploration and development of E&E and to ensure it continues as a going concern. In order to maintain or adjust the capital structure, the Company may issue new shares and acquire or sell mining properties to improve its financial performance and flexibility. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the Company.

The Company defines its capital as its shareholder's equity. To effectively manage the Company's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives. As needed, the Company raises funds through private placements or other equity financings. The Company does not utilize long term debt as the Company does not currently generate operating revenues. There is no dividend policy.

There has been significant market turbulence worldwide due to the credit crisis and potential of a global recession. These market conditions have, and are expected to continue to have, an adverse impact on the ability to secure equity funding. The Company is required to rely on equity financing to raise capital, but its ability to do may be impacted by the current global situation and economic uncertainties. Management has considered how these conditions have impacted the Company's viability given its current capital structure and considers that until the outcome of future financing activities is known there is considerable uncertainty about the appropriateness of the use of the going concern basis of accounting.

The Company had \$5,210 in negative working capital at July 31, 2013.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable considering the nature and relative size of the Company. The Company is not subject to externally imposed capital requirements.

Risks and Uncertainties

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risk, including but not limited to, environmental, metal prices, political and economical. The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer an opportunity to a mining company to acquire an interest in a property in return for funding all or part of the exploration and development of the property. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issue of shares from the treasury to investors. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record and the experience of management. The Company has no significant source of operating cash flow and no revenues from operations. The Company has not yet determined whether its mineral property contains mineral reserves that are economically recoverable. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves. There is no guarantee that the Company will be

able to contribute or obtain all necessary resources and funds for the exploration and exploitation of its permits, and may fail to meet its exploration commitments. Mineral exploration involves a high degree of risk and few properties, that are explored, are ultimately developed into producing mines. Exploration of the Company's mineral property may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations. The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

Conflicts of Interest

Certain of the directors and officers of the Company may also serve as directors and officers of other companies involved in gold and precious metal or other natural resource exploration and development and consequently the possibility of conflict exists. Any decisions made by such directors or officers involving the Company will be made in accordance with the duties and obligations of directors and officers to deal fairly and in good faith with the Company and such other companies. In addition, such directors declare their interest and refrain from voting on any matters in which such directors may have a conflict of interest.

Management's Responsibility for Financial Statements

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the audited consolidated financial statements.

Evaluation of Disclosure, Internal Controls and Procedures

Disclosure Controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in reports filed with or submitted to the various securities regulators is recorded, processed, summarized and reported within the time periods specified. This information is gathered and reported to the Company's management so that timely decisions can be made regarding disclosure.

The Company's management, have designed and evaluated the Company's disclosure controls and procedures as defined in their signed certification of annual and interim filings venture issuer basic certificate. Based on this evaluation, management has concluded that, as of the date of this MD&A, the Company's disclosure controls and procedures were effective.

Internal Control over Financial Reporting

Designing, establishing and maintaining adequate internal control over financial reporting is the responsibility of the Company's management. Internal control over financial reporting is a process designed by, or under the supervision of management, and affected by the Board of Directors, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements in conformity with IFRS. These controls include policies and procedures pertaining to the maintenance of records that, in reasonable detail, accurately reflect transactions pertaining to its assets; provide reasonable assurance that all transactions are recorded to permit the preparation of its financial statements and that expenditures are being made only in accordance with authorizations of management of the Company, and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its financial statements. Management is responsible for establishing and maintaining internal control over financial reporting and has designed and implemented such controls to ensure that the required objectives of these internal controls have been met. The management of

the Company applied its judgement in evaluating the cost-benefit relationship to controls and procedures. The result of which was, because of the inherent limitations in all control systems, no evaluation of the controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

As is common for companies of this size, certain duties within the accounting and/or finance departments were not adequately segregated due to the limited number of individuals employed in these areas. At the present time, management oversees all material transactions and related accounting records. The Board of Directors reviews the financial statements in detail, the key risks of the Company, and queries management about all significant transactions.

For the period covered by this MD&A there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Other

Additional information relating to the Company's operations and activities can be found by visiting the Company's website at www.LeoResources.com and www.sedar.com.

Trends

Trends in the industry can materially affect how well any junior exploration company is performing. The price of precious metals remains stable and as a result worldwide exploration is being maintained. Company management believes that the general trend will continue and that prices will be higher over time.

Outlook

The outlook for precious metals continues to be positive and this is reflected in the Company's ongoing activity.

Cautionary Statement

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans and our other future plans and objectives are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates of stock-based compensation expense. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statement. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date of statements are made, and the Company endeavours to update corporate information and material facts on a timely basis. Forward-looking statements are subject to risks, uncertainties and other actors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks.