

**FORM 51-102F3
NATIONAL INSTRUMENT 51-102**

MATERIAL CHANGE REPORT UNDER SECTION 7.1 OF NI 51-102

FILED VIA SEDAR

Item 1. Name and Address of Company

Leo Resources Inc. (the "Company")
208 Queens Quay West, Suite 2506
Toronto, Ontario M5J 2Y5

Item 2. Date of Material Change

A material change took place on May 23, 2014

Item 3. News Release

On May 23, 2014 a news release was released through the facilities of Newswire Corp.

Item 4. Summary of Material Change

The Company announced the completion of a private placement of 2,500,000 Units of the Company to an officer and director of the Company for gross proceeds of \$125,000 on May 23, 2014

Item 5. Full Description of Material Change

The material change is fully described in the Company's news release of May 23, 2014 which is attached hereto as Schedule "A" and is incorporated herein.

The following supplemental information is provided in accordance with section 5.2 of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"):

(a) a description of the transaction and its material terms:

On May 23, 2014 the Company issued 2,500,000 Units at a post consolidation price of \$0.05 per Unit for gross proceeds of \$125,000 to an officer and director of the Company. Each Unit consists of one common share in the capital of the Company and one common share purchase warrant. Each common share purchase warrant entitles the holder to receive one additional common share in the capital of the Company at an exercise price of \$0.05 for 36 months after closing.

(b) the purpose and business reasons for the transaction:

The Company completed the private placement in order to improve its financial position. The proceeds of the private placement will be used for general working capital purposes.

(c) The anticipated effect of the transaction on the issuer's business and affairs:

The proceeds of the private placement will improve the Company's financial affairs and reduce its current liabilities.

(d) a description of:

(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

Daniel Wettreich, an officer and director of the Company acquired all 2,500,000 Units issued pursuant to the private placement.

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

After issuance of the 2,500,000 Units, Daniel Wettreich owned 2,607,600 common shares (49.69%) and 2,000,000 common share purchase warrants (100%) of the Company.

(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director an any material disagreement between the board and the special committee:

The board of directors of the Company established a special committee to review the desirability and fairness to the Company of the transaction and the participation of Daniel Wettreich in the private placement. The special committee determined the transaction and the participation of Daniel Wettreich was of benefit to the Company and recommended the private placement and the participation of Daniel

Wetreich in the private placement be ratified. The private placement was unanimously approved by the disinterested directors of the Company.

- (f) a summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:**

Not applicable. See paragraph (i) below.

- (g) disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:**

- (i) that has been made in the 24 months before the date of the material report:**

Not applicable.

- (ii) the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:**

Not applicable.

- (h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:**

The Company entered into a subscription agreement with Daniel Wetreich for the issuance of the 2,500,000 Units, which subscription agreement contains standard terms and conditions typical of similar private placements.

- (i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under section 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:**

The private placement constitutes a related party transaction for the Company under MI 61-101. The Company is relying on sections 5.5 (b) and (c) of MI 61-101 for an exemption from the formal valuation requirement based on the fact the Company's securities are listed only on the CSE and the transaction is a distribution of securities of the Company for

cash, and neither the issuer nor, to the knowledge of the issuer after reasonable inquiry, the related party has knowledge of any material information concerning the issuer or its securities that has not been generally disclosed

The Company is relying on section 5.7 (b) for an exemption from the minority shareholder approval requirement based on the fact the fair market value of the transaction is not more than \$2,500,000.

A material change report in respect of the related party transaction was not filed at least 21 days in advance of the closing of the Private Placement due to the Company's immediate need to address its financial situation, which omission is both reasonable and fair in the circumstances. MI 61-101 requires if a material change report is filed less than 21 days before the expected date of the closing of the transaction, an explanation is to be provided as to why the shorter period is reasonable or necessary in the circumstances.

Item 6. Reliance on Section 7.1(2) of National Instrument 51-102

The report is not being filed on a confidential basis in reliance on section 7.1(2) of National Instrument 51-102.

Item 7. Omitted Information

No significant information has been omitted from this Material Change Report.

Item 8. Executive Officer

For further information, contact Daniel Wettreich, CEO, at 647-931-9775.

Item 9. Date of Report

This report is dated at Toronto this 23rd day of May 2014

LEO RESOURCES INC.

Per: /s/ Danny Wettreich
Danny Wettreich, CEO

SCHEDULE A

This news release is not for distribution or dissemination in the United States of America



208 Queens Quay West, Suite 2506, Toronto, Ontario, M5J 2Y5 Phone: (647) 693 9414

LEO COMPLETES PRIVATE PLACEMENT AND GRANTS OPTIONS

Toronto, Ontario, May 23, 2014 – Leo Resources Inc. (CSE:LEO) ("Leo" or "the Company") announces that following the one for five share consolidation of its common shares effective today, the Company has closed a non-brokered private placement (the "Private Placement") with Daniel Wettreich, a director of the Company, of 2,500,000 units (each a "Unit") of Leo at a price of \$0.05 per Unit, for gross proceeds of \$125,000. Each Unit consists of one common share in the capital of Leo and one common share purchase warrant. Each common share purchase warrant entitles the holder to acquire one additional common share in the capital of Leo at an exercise price of \$0.05, for 36 months after closing. The securities are subject to a hold period of four months and a day. The proceeds of the Private Placement will be used for working capital purposes. Daniel Wettreich now directly and indirectly beneficially owns 2,607,600 common shares of Leo, representing 49.69% of Leo and 2,500,000 common share purchase warrants representing 100% of the outstanding warrants of Leo. The total number of common shares issued and outstanding is 5,247,513.

A material change report in respect of the related party transaction has not been filed at least 21 days in advance of the closing of the Private Placement due to the Company's immediate need to address its financial situation, which omission is both reasonable and fair in the circumstances. MI 61-101 requires if a material change report is filed less than 21 days before the expected date of the closing of the transaction, an explanation is to be provided as to why the shorter period is reasonable or necessary in the circumstances.

The Company has also granted 500,000 incentive stock options to its directors and officers exercisable at a price of \$0.05 per share for periods ranging from 24 months to 60 months from the date of grant.

About Leo Resources

Leo is a Toronto based mineral company primarily focused on exploring the Riverbank nickel-copper project in the area known as the Ring of Fire in Northwestern Ontario, Canada, as well as the acquisition of other properties.

For more information please see www.LeoResourcesInc.com or contact Danny Wettreich at (647) 693 9414 or dw@leoresourcesinc.com

Forward-Looking Information: This press release may include forward-looking information within the meaning of Canadian securities legislation, concerning the business and trading in the common stock of Leo Resources Inc. The forward-looking information is based on certain key expectations and assumptions made by the company's management. Although the company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the company can give no assurance that they will prove to be correct. These forward-looking statements are made as of the date of this press release and the company disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

The CSE has not reviewed, approved or disapproved the content of this press release