Leo Resources Inc.

Financial Statements

For the years ended July 31, 2014 and 2013

(Expressed in Canadian Dollars)

Abraham Chan LLP
Chartered Accountants

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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 statement of financial position as at July 31, 2014 and the statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Leo Resources Inc., as at July 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 2 in the financial statements which describes that the Company will require additional financing in order to fund its planned activities. This condition, along with other matters set out in note 2, indicates the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

Other Matters
The financial statements of Leo Resources Inc. for the year ended July 31, 2013 were audited by another auditor who expressed an unmodified opinion on those statements on November 28, 2013.

"Abraham Chan LLP"

Toronto, Canada
November 26, 2014

Abraham Chan LLP
Chartered Accountants
Licensed Public Accountants

Leo Resources Inc.

Statements of Financial Position
as at July 31,
(Expressed in Canadian Dollars)

	2014	2013
Assets		
Current Asset		
Cash	**$ 1,791**	$ 790
HST Recoverable	**13,929**	-
Prepaid expenses	**2,650**	-
Due from related companies *(Note 9)*	**100,255**	-
Total current assets	**118,625**	790
Non-Current Asset		
Exploration and Evaluation Assets *(Note 7)*	**313,250**	-
Total assets	**$ 431,875**	$ 790
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (*Note 8)*	**$ 13,292**	$ 5,000
Due to officer *(Note 9)*	**10,600**	-
Due to related company *(Note 9)*	**-**	1,000
Total liabilities	**23,892**	6,000
Shareholders' Equity		
Common Share Capital *(Note 10)*	**403,001**	1
Preferred Share Capital *(Note 10)*	**100,000**	-
Reserve for Warrants *(Note10)*	**80,000**	-
Reserve for Share-based Payments *(Note 10)*	**17,400**	-
Contributed Surplus	**7,500**	7,500
Deficit	**(199,918)**	(12,711)
Total shareholders' equity	**407,983**	(5,210)
Total liabilities and shareholders' equity	**$ 431,875**	$ 790

Going concern *(Note 2)*
Events after the reporting period *(Note 14)*
Approved on behalf of the Board of Directors:

/s/ Daniel Wettreich
_____________________ Director

/s/ Mark Wettreich
_____________________ Director

The accompanying notes are an integral part of these financial statements

Leo Resources Inc.

Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars, except per share amounts)

	Year ended July 31, 2014	Period from March 18, 2013 (date of incorporation) to July 31, 2013
Operating Expenses		
Bank charges (net)	**$ 96**	$ 211
Filing and listing fees	**10,029**	-
Legal and professional fees	**15,535**	12,500
Management fees *(Note 9)*	**72,000**	-
Office and general expense	**15,035**	-
Share-based compensation *(Note 9 and 10)*	**17,400**	-
Shareholder information expense	**2,328**	-
Transfer agent fees	**10,034**	-
Impairment of exploration and evaluation assets *(Note 7)*	**44,750**	-
Net (loss) and comprehensive (loss) for the year	**$ (187,207)**	$ (12,711)
Basic and diluted (Loss) per common share	**$ (0.06)**	$ (12,711)
Weighted average number of common shares outstanding – Basic and diluted	**3,224,104**	1

The accompanying notes are an integral part of these financial statements

Leo Resources Inc.

Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Common Share Capital		Preferred Share Capital		Reserves				
	Number of Shares	Amount	Number of Shares	Amount	Share-based Payments	Warrants	Contributed Surplus	Deficit	Total Equity
Issued for cash consideration:									
Common shares issued for cash upon incorporation date of March 18, 2013	1	$ 1	-	$ -	$ -	$ -	$ -	$ -	$ 1
Issued for cash consideration:									
Expenses assumed by former Parent Company	-	-					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)
Issued to Zara as consideration for mineral property acquired *(Note 7)*	2,747,500	358,000	-	-	-	-	-	-	358,000
Preferred shares – Series A - issued to Zara for cash*(Note 10)*	-	-	100,000	100,000	-	-	-	-	100,000
Issued on private placement *(Note 10)*	2,500,000	125,000	-	-	-	-	-	-	125,000
Valuation of warrants issued on private placement *(Note 10)*		(80,000)	-	-		80,000	-	-	-
Share-based compensation *(Note 10)*	-	-	-	-	17,400	-	-	-	17,400
Net loss for the year	-	-	-	-	-	-	-	(187,207)	(187,207)
Balance – July 31, 2014	5,247,501	$ 403,001	100,000	$ 100,000	$ 17,400	$ 80,000	$ 7,500	$(199,918)	$ 407,983

The accompanying notes are an integral part of these financial statements

Leo Resources Inc.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended July 31, 2014	Period from March 18, 2013 (date of incorporation) to July 31, 2013
Operating Activities		
Net loss for the year	**$ (187,207)**	$ (12,711)
Non-cash items included in net loss:		
Expenses assumed by former parent company	**-**	7,500
Share-based compensation	**17,400**	-
Impairment of exploration and evaluation asset	**44,750**	-
Changes in non-cash working capital:		
HST recoverable	**(13,929)**	-
Prepaid expenses	**(2,650)**	-
Accounts payable and accrued liabilities	**8,292**	5,000
Cash Used In Operating Activities	**(133,344)**	(211)
Financing Activities		
Due to related company	**(1,000)**	1,000
Proceeds from issuance of Series A preference shares	**100,000**	-
Proceeds from issuance of common share	**125,000**	1
Due to officer	**10,600**	-
Cash Provided by Financing Activities	**234,600**	1,001
Investing Activities		
Due from related companies	**(100,255)**	-
Cash Used In Investing Activities	**(100,255)**	-
Net change in cash for the year	**1,001**	790
Cash at beginning of year	**790**	-
Cash at end of year	**$ 1,791**	$ 790

The accompanying notes are an integral part of these financial statements

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 and exploration of mining properties in Canada. At July 31, 2014, Leo is 25.65% owned by GreenBank Capital Inc. and 17.07% owned by Winston Resources Inc., both Canadian public companies. The head office of the Company is located at 208 Queens Quay West, Suite 2506, Toronto, Ontario M5J 2Y5, Canada. At July31, 2013, the Company was a wholly-owned subsidiary of Zara Resources Inc ("Zara") a Canadian public company. Following the completion of a plan of arrangement (Note 12) 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 Canadian Securities Exchange ("CSE") under the symbol "LEO".

On May 23, 2014, the Company approved a one for five share consolidation of its common shares. All outstanding shares, options and warrants and the amounts reported in these financial statements have been adjusted to reflect this consolidation unless otherwise indicated.

2. Going Concern Assumption

These financial statements have been prepared on the basis of accounting principles applicable to a going concern under International Financial Reporting Standards ("IFRS"). The use of these principles under IFRS 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 has recently acquired its first exploration and evaluation assets ("E&E"), as such active exploration has not commenced. It is unknown whether the E&E contain reserves that are economically recoverable. As a newly incorporated Company, that is commencing active operations; it incurs operating losses, which casts significant doubt about the Company's ability to continue as a going concern.

The business of 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 E&E contain mineral reserves or resources that can be economically mined, they are classified as exploration and evaluation assets. 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 E&E, and making the required payments pursuant to E&E purchase agreements. The Company has yet to generate income and cash flows from its operations.

There is no assurance that the Company will be able to obtain the external financing necessary to explore, develop if E&E are proven successful and bring to commercial production its E&E. The Company has no proven history of profitability, which casts doubt as to whether the Company will be able to continue as a going concern should it not be able to obtain the necessary financing to fund working capital and capital expenditures. The ability of the Company to arrange such financing in the future depends in part upon the prevailing capital market conditions as well as the business performance of the Company. If additional financing is raised by the issuance of shares from the treasury of the Company existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

3. Statement of Compliance and Basis of Presentation

(a) Statement of Compliance

The policies applied in these financial statements are based on IFRS and their interpretations adopted by the International Accounting Standards Board ("IASB") issued and outstanding as of November 26, 2014, the date the board of directors approved the financial statements.

(b) Basis of Presentation

These financial statements have been prepared on a going concern basis, under the historical cost convention, except for financial instruments which are measured at fair value, and have been prepared using the accrual basis of accounting, as explained in the accounting policies set out in Note 4, except for cash flow information.

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 these financial statements in accordance with IFRS requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses.

Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates.

The most significant estimates relate to impairment assessments of E&E, recoverability of HST and the valuation of share-based payments. Other major assumptions is the fair value of related party accounts payable and accounts receivable and the classification of current and non-current. The most significant judgements relate to the use of the going concern assumption in the preparation of the financial statements, the recognition of deferred income tax assets and liabilities, and the determination of the economic viability of exploration and evaluation assets.

After capitalization, E&E assets are reviewed for indicators of impairment at each reporting period under IFRS 6. Determining if there are any facts and circumstances indicating impairment loss is a subjective process involving judgment and a number of estimates and interpretations in many cases. When an indication of impairment loss exists, the recoverable amount of the cash generating unit ("CGU") must be estimated. Identifying the CGUs requires management judgment. In testing CGUs for impairment, management estimates the recoverable amount of the CGUs. This requires management to make several assumptions as to future events or circumstances.

4. Significant Accounting Policies (Continued)

Significant Estimates and Judgments *(Continued)*

The Company records all share-based compensation using the fair value method. The Company uses the Black-Scholes option pricing model to determine the fair value of share-based compensation. The main factor affecting the estimates of the fair value of stock options is the stock price, expected volatility used and the expected duration of the instrument. The Company currently estimates the expected volatility of its common shares based on comparable information derived from the trading history of guideline public companies which are in a similar situation to the Company taking into consideration the expected life of the options.

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in Note 2.

Related Party Transactions and Disclosures

Parties are considered to be related if one party has the ability to directly or indirectly 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 are in the normal course of business and have commercial substance and are measured at the fair value.

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 assets and liabilities and their carrying amounts for financial reporting purposes.

- Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- Taxable temporary differences associated with investments in associates and interests in joint ventures, where the timing in the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

4. Significant Accounting Policies (Continued)

***Deferred income taxes** (Continued)*

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is expected to be realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position. Deferred income taxes relating to items recognized directly in equity are recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax 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 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 reporting 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 these assets suffer any impairment in value, except for E&E which is first assessed against the indicators of IFRS 6. 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.

If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount with a corresponding impairment loss recognized in the statement of comprehensive income in the period of impairment.

If an impairment loss reverses in a subsequent period then the carrying amount of the asset is increased to its revised value to the extent that the increased carrying amount does not exceed its original carrying amount at the initial date of acquisition.

Functional currency

The Company's presentation and functional currency is the Canadian dollar.

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 asset is moved to a mining asset (if meets the economic and feasible stage) or the properties are disposed of either through sale or abandonment.

E&E costs consist of such items as:

- 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.

4. Significant Accounting Policies (Continued)

Exploration and evaluations assets ("E&E") *(Continued)*

E&E shall be assessed for impairment when one or more of the following facts and circumstances indicate that a specific CGU should be tested for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the financial statement period or will expire in the near future and is not expected to be renewed.
- Substantive expenditures on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or sale.

The Company estimates the recoverable amount of each CGU, on the basis of areas of interest. Management groups mineral claims that are contiguous and specific to an area that encompasses the same prospective minerals, into one area of interest and assigns a name to this mineral property.

Recoverable amount is the higher of fair value less disposal costs 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.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. E&E are also tested for impairment before the assets are transferred to development properties.

Equity Settled Transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge for a period represents the movement in cumulative expense recognized as at the beginning and end of that reporting period and the corresponding amount is represented in share based compensation reserve.

When the share-based payment arrangement has been cancelled or the terms have expired the fair value assigned to the share-based payment arrangement is transferred to contributed surplus.

4. Significant Accounting Policies (Continued)

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 common shares are classified as equity instruments. Incremental 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

Financial instruments

Fair value through profit or loss (FVTPL)

Financial assets that are held with the intention of generating profits in the near term are classified as held for trading within FVTPL. In addition, any other financial assets can be designated by the Company upon initial recognition as held for trading. These instruments are subsequently re-measured at fair value with the change in the fair value recognized as gain or loss in the statement of loss and comprehensive loss during the period.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such by management or not classified in any of the other categories. Available-for-sale financial assets are measured at fair value with changes recognized in other comprehensive income. Upon sale or impairment, the accumulated fair value adjustments recognized in other comprehensive income are recorded in the statements of loss and comprehensive loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method ("EIR"), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of loss and comprehensive loss. The losses arising from impairment are recognized in the statement of loss and comprehensive loss. The Company has classified HST recoverable and due from related companies as loans and receivable.

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost. The effective interest rate (or amortized cost method) is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

4. Significant Accounting Policies (Continued)

Financial instruments *(Continued)*

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The company's cash is considered Level 1 in the hierarchy.

Loss Per Share

Loss per share is calculated based on the weighted average number of common shares issued and outstanding during the period. In the years when the Company reports a net loss, the effect of potential issuances of common shares are anti-dilutive, therefore, basic and fully diluted loss per common share is the same. The diluted loss per share reflects the potential dilution of common share equivalents, such as the conversion of 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.

Change in accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after January 1, 2013. The following new standards have been adopted:

(i) IFRS 10 – Consolidated Financial Statements ("IFRS 10") was issued by the IASB in May 2011. IFRS 10 is a standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. At August 1, 2013, the Company adopted this pronouncement and there was no impact on the Company's financial statements.

(ii) IFRS 11 – Joint Arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. At August 1, 2013, the Company adopted this pronouncement and there was no impact on the Company's financial statements.

4. Significant Accounting Policies (Continued)

Change in accounting policies *(continued)*
(iii) IFRS 12 – Disclosure of Interests in Other Entities (“IFRS 12”) was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including unconsolidated structured entities. At August 1, 2013, the Company adopted this pronouncement and there was no impact on the Company’s financial statements.

(iv) IFRS 13 - Fair Value Measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a definition of fair value and a single source of fair value measurement considerations. IFRS 13 clarifies 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 under current market conditions. It also establishes disclosures about fair value measurement. The Company's adoption of IFRS 13, on August 1, 2013, did not have a financial impact upon the financial statements. The disclosures have been provided accordingly.

(v) In October 2011, the IASB issued IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine. This interpretation requires the capitalization and depreciation of stripping costs in the production phase if an entity can demonstrate that it is probable future economic benefits will be realized, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved. At August 1, 2013, the Company adopted this pronouncement and there was no impact on the Company’s financial statements.

(vii) IAS 27 - Separate Financial Statements ("IAS 27") was effective for annual periods beginning on or after January 1, 2013, as a result of the issue of the new standards, IAS 27 has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. At August 1, 2013, the Company adopted this pronouncement and there was no impact on the Company’s financial statements.

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 (“IFRS 9”)
  IFRS 9 was issued by the IASB and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires an expected loss impairment method to be used, replacing the incurred loss impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

4. Significant Accounting Policies (Continued)

Future Accounting Policies *(continued)*

- IAS 32 Offsetting Financial Assets and Liabilities ("IAS 32")
  IAS 32, this amendment clarifies certain aspects of offsetting and net and gross settlement. The Company has determined there will be no effect on adoption of amendment to IAS 32 on its financial statements. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014.

- IAS 36 Impairment of Assets ("IAS 36")
  IAS 36 is effective for annual periods beginning on or after July 1, 2014. IAS 36 was amended to address the disclosure required for the recoverable amount of impaired assets or CGU for periods in which an impairment loss has been recognized or reversed. There will be no expected impact on the results of operations or presentation.

Various other accounting pronouncements (such as IFRS 14, IFRS 15, and the various annual improvements) that have no material impact to the Company are not included above. 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, with the Board of Directors oversight, 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:

Credit risk
Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is limited to the carrying value amount carried on the statement of financial position. The Company's assets most susceptible to credit risk is its cash, which is held at a Canadian chartered bank in a non-interest bearing account, HST recoverable, which is due from the Canadian government, as well as the related party receivables which are described in Note 9 and is expected to be recoverable. As such, the risk of loss on these assets is minimal.

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.

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, 2014, the Company had $1,791 in cash. Currently, the Company does not have sufficient funds and will require financing to carry out an exploration and acquisition program, fund the property purchase obligations, and meet general and administration expenses for the next twelve months.

Commodity Risk

The value of the Company's exploration and evaluation assets are related to the price of gold and other mineral commodities, and the outlook for these mineral commodities. Adverse changes in the price of gold can also significantly impair the economic viability of the Company's projects, along with the ability to obtain future financing.

The Company has designated its cash at fair value through profit and loss. The HST recoverable and due from related companies are classified as loans and receivables whereby they are initially recognized at fair value and then subsequently carried at amortized cost. Accounts payables and accrued liabilities, due to related company and due to officer are classified as other financial liabilities whereby they are initially recognized at fair value and then measured at amortized cost.

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

	2014	2013
Financial Assets		
Fair value through profit or loss		
Cash	$ 1,791	$ 790
Loans and receivables		
HST Recoverable	13,929	-
Due from related companies	100,255	-
Financial Liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	13,292	5,000
Due to related company	-	1,000
Due to officer	10,600	-

6. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of E&E and to ensure it continues as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's managements to sustain future development of the business.

All of the E&E, in which the Company currently has an interest, are in the exploration stage with no operating revenues; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new E&E and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company's capital management objectives, policies and processes have remained unchanged during the year ended July 31, 2014. The Company is not subject to any capital requirements imposed by a lending institution.

7. Exploration and Evaluation Assets

Ontario Properties	Percent Interest	Balance at July 31, 2013	Property Acquisition Costs	Exploration Expenditures	Impairment	Balance at July 31, 2014
Riverbank	100%	$ -	$ 358,000	$ -	$ (44,750)	$ 313,250
		$ -	$ 358,000	$ -	$ (44,750)	$ 313,250

Riverbank

On March 20, 2013, the Company entered into a Purchase Agreement (the "Agreement") with its then Parent Company Zara Resources Inc. ("Zara") as detailed in Note 12. Under the terms of the Agreement, Leo 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. The claims are subject to a pre-existing 2% NSR payable to Melkior Resources Inc.

On August 2, 2013 the Zara Plan was approved by the Supreme Court of British Columbia and the purchase by Leo of Riverbank and the spin off to Zara shareholders was completed. Accordingly Leo is no longer a subsidiary of Zara and the Riverbank property is no longer owned by Zara. See Note 12.

Pursuant to the closing of the purchase of the Riverbank, one claim was allowed to lapse and accordingly an impairment loss of the exploration and evaluation assets in the amount of $44,750 was recorded in the statement of loss during the year ended July 31, 2014 (2013 - $Nil).

8. Accounts Payable and Accrued Liabilities

		2014		2013
Accounts payable	**$**	**3,292**	$	-
Accrued liabilities		**10,000**		5,000
	$	**13,292**	$	5,000

The accounts payable and accrued liabilities which arise from the Company's day to day operations have standard vendor terms and are normally settled between one and two months.

9. Related Party Transactions and Disclosures

Related party transactions were in the normal course of operations. At July 31, 2014, the due from related companies in the amount of $100,255 is comprised of due from Winston Resources Inc. of $35,255 (2013 – $Nil) and due from GreenBank Financial Inc. of $60,000 (2013 - $Nil) and due from Zara Resources Inc. of $5,000 (July 31, 2013 – Due to related company of $1,000). The due to officer at July 31, 2014 was $10,600 (2013 - $Nil). The amounts are on demand and have no set repayment terms.

Key Management Compensation

The Company incurred management fees expenses of $72,000 (2013 - $Nil) to a private company controlled by an officer, for the provision of management services.

During the year, the Company granted 500,000 options to four director and they were assigned a fair value of $17,400. No options were granted for the period ended July 31, 2013.

10. Share Capital

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

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

10. Share Capital (Continued)

*(ii) **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.

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; and
(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; other 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.

The following table summarizes the activity in the Plan over the period.

	Fair Value	Number of Options	Weighted Average Exercise Price
Outstanding, July 31, 2013	$ -	-	$ -
Granted	17,400	500,000	0.05
Cancelled	-	-	-
Outstanding, July 31, 2014	**$ 17,400**	**500,000**	**$ 0.05**
Exercisable, July 31, 2014	**$ 17,400**	**500,000**	**$ 0.05**

10. Share Capital (Continued)

*(ii)**Stock Options** (continued)*

The following table sets out the details of the stock options granted and outstanding as at July 31, 2014:

Number of stock options	Remaining contractual life	Exercise price per share	Expiry Date
300,000	4.81 years	$ 0.05	May 23, 2019
200,000	1.81 years	0.05	May 23, 2016
500,000	3.01 years	$ 0.05	

Share-based compensation

On May 23, 2014, the Company granted 500,000 options to purchase common shares of the Company to directors. Each option vests immediately with 300,000 exercisable at $0.05 for a five year term and 200,000 exercisable for a three year term. A fair value of $17,400 was assigned to these options, using the Black-Scholes pricing model based on the following factors: share price of $0.05, dividend yield rate of 0%, volatility of 109%, risk free rates ranging from 1.05% to 1.57%, and an expected life ranging from 2 to 5 years.

*(ii)**Warrants***

The issued and outstanding warrants balance at July 31, 2014 is comprised as follows:

Date of Expiry	Description	Fair Value	Number of Warrants	Exercise Price
May 23, 2017	Warrants	$ 80,000	2,500,000	$ 0.05
		$ 80,000	**2,500,000**	

(iii)***Series A Preferred Shares Subscription***

In August, 2013 as part of the plan of arrangement with the Zara Resources Inc. as detailed in note 12, the Company issued $100,000 Series A preferred shares during the year ended July 31, 2014.

(iv)***Private Placement – Common Shares***

On May 24, 2014, the Company closed a private placement with a director raising gross proceeds of $125,000. The Company issued 2,500,000 units at a price of $0.05 per unit. Each unit is comprised of one common share and one share purchase warrant, with each warrant exercisable into one common share at an exercise price of $0.05 per share until May 23, 2017. A value of $80,000 was assigned to these warrants, estimated using the Black-Scholes pricing model based on the following factors: share price of $0.05, dividend yield rate of 0%, expected volatility of 109%, risk free interest rate of 1.14% and an expected life of 3 years.

10. Share Capital (Continued)

(v) ***Basic and Diluted Loss per Share***

The calculation of basic and diluted loss per share for the year ended July 31, 2014 was based on the loss attributable to common shareholders of $187,207 (2013 – $12,711) and the weighted average number of common shares outstanding of 3,224,104 (2013 – 1). Diluted loss per share did not include the effect of 500,000 options (2013 – Nil) and 2,500,000 warrants (2013 – Nil) as they were anti-dilutive.

11. Income taxes

The following is a reconciliation of the statutory combined federal and provincial income taxes to the effective income taxes:

		July 31, 2014		Period from March 18, 2013(date of incorporation) to July 31, 2013
Loss before income taxes	$	(187,207)	$	(12,711)
Combined statutory rate		26.50%		26.50%
Income tax recovery at statutory income tax rates		(50,000)		(3,000)
Impairment loss on exploration and evaluation asset		12,000		-
Share-based compensation		4,000		-
Other		1,000		-
Tax benefits (not recognized)		33,000		3,000
Income taxes	$	-	$	-

As at July 31, 2014, the Company has Canadian non-capital losses of approximately $136,000 (July 31, 2013 - $13,000) available for deduction against future Canadian taxable income, the balances of which will expire as follows:

2033	$	13,000
2034		123,000
	$	136,000

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

Deferred income tax assets

		2014		**2013**
Benefit of losses	$	36,000	$	3,400
Mineral property exploration		12,000		-
Less: Valuation allowance (impairment)		(48,000)		(3,400)
	$	-	$	-

Deferred income tax assets have been impaired in respect of these items because it is not probable that future profit will be available against which the Company can utilize the benefits therefrom.

12. Plan of Arrangement

On March 20, 2013, the Company entered into a Purchase Agreement (the “Agreement”) with its former 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. The claims are located in the Kasabonika-McFauld’s Greenstone Belt, Ontario.

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

In consideration, the Company issued 2,751,500 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 issued 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 applied for listing its common shares on the CSE.

The spin-off was 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 distributed 2,751,500 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 received 1 common share in the capital of the Company for every 2 common shares in the capital of Zara.

A Special 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 facilitated the spin off under the Business Corporations Act of British Columbia.

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 CSE on August 16, 2013 under the symbol “LEO.”

13. Segmented Information

The Company's operations are comprised of a single reporting operating segment engaged in the exploration and evaluation of mineral resources. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent a single reporting segment. As at July 31, 2014, all of the Company's exploration and evaluation assets and liabilities are situated in Canada.

14. Events after the Reporting Period

On August 1, 2014 the Company announced that it had obtained a listing for its common shares on the Frankfurt Stock Exchange. The Company will maintain its primary listing on the Canadian Stock Exchange.