LEO RESOURCES INC.

Condensed Interim Financial Statements

Three and Six Months Ended

January 31, 2015

(Unaudited)

(Expressed in Canadian Dollars)

Management's responsibility for financial reporting

The accompanying financial statements of Leo Resources Inc. (the "Company" or "Leo") were prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 4 of the unaudited condensed interim financial statements.

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim financial statements and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of January 31, 2015 and for the periods presented by the unaudited condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

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

Management's assessment of internal control over financial reporting ("ICFR")
Management is also responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the unaudited condensed interim financial statements.

"Daniel Wettreich"
Chief Executive Officer

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102,Part 4,subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited condensed interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Leo Resources Inc.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at January 31, 2015	As at July 31, 2014
ASSETS		
Current assets		
Cash	$ **1,329**	$ 1,791
HST Recoverable	**16,187**	13,929
Prepaid expenses	**-**	2,650
Due from related companies (note 9)	**40,080**	100,255
Total current assets	**57,596**	118,625
Non-current assets		
Exploration and evaluation assets (note 7)	**313,250**	313,250
Total non-current assets	**313,250**	313,250
Total assets	$ **370,846**	$ 431,875
EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (note 8)	$ **13,345**	$ 13,292
Due to officer (note 9)	**13,466**	10,600
Total current liabilities	**26,811**	23,892
Shareholders' Equity		
Common share capital (note 10)	**403,001**	403,001
Preferred share capital (note 10)	**100,000**	100,000
Reserve for warrants (note 10)	**80,000**	80,000
Reserve for share-based payments (note 10)	**17,400**	17,400
Contributed surplus	**7,500**	7,500
Deficit	**(263,866)**	(199,918)
Total shareholders' equity	**344,035**	407,983
Total liabilities and shareholders' equity	$ **370,846**	$ 431,875

Nature of operations (note 1)
Going concern assumption (note 2)

Approved on behalf of the Board of Directors:

"Daniel Wettreich" (signed) Director
Deniel Wettreich, Director

"Mark Wettreich" (signed) Director
Mark Wettreich, Director

The notes to the unaudited condensed interim financial statements are an integral part of these statements.

Leo Resources Inc.

Condensed Interim Statements of Profit or Loss and Other Comprehensive Income
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended January 31, 2015	Three months ended January 31, 2014	Six months ended January 31, 2015	Six months ended January 31, 2014
Operating Expenses				
Bank charges	**$ 101**	$ (44)	**$ 302**	$ 56
Filing and listing fees	**13,911**	4,234	**50,690**	6,478
Legal and professional fees	**6,100**	1,525	**9,003**	3,300
Office and general expenses	**-**	10,571	**1,325**	15,871
Transfer agent fees	**490**	807	**2,628**	4,601
Net loss and comprehensive loss	**$ (20,602)**	$ (17,093)	**$ (63,948)**	$ (30,306)
Basic and diluted net loss per share (note 11)	**$ (0.00)**	$ (0.01)	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	**5,247,501**	2,747,501	**5,247,501**	2,747,501

The notes to the unaudited condensed interim financial statements are an integral part of these statements.

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

Six Months Ended January 31,	2015	2014
Operating activities		
Net loss for the period	**$ (63,948)**	$ (30,306)
Adjustment for:		
Expenses assumed by former parent company	**-**	(5,000)
HST recoverable	**(2,258)**	(2,171)
Prepaid expenses	**2,650**	(7,950)
Amounts payable and other liabilities	**53**	2,635
Net cash used in operating activities	**(63,503)**	(42,792)
Financing activities		
Due to former parent company	**-**	(24,185)
Due to officer	**2,866**	-
Due from related company	**60,175**	4,378
Proceeds from issuance of Series A Preferred shares	**-**	100,000
Cash proceeds from issuance of common shares (note 10)	**-**	1
Net cash provided by financing activities	**63,041**	80,194
Net change in cash	**(462)**	37,402
Cash, beginning of period	**1,791**	790
Cash, end of period	**$ 1,329**	$ 38,192

The notes to the unaudited condensed interim financial statements are an integral part of these statements.

Leo Resources Inc.
Condensed Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Common Share Capital		Preferred Share Capital		Reserves				
	Number of shares	Amount	Number of share	Amount	Share-based payments	Warrants	Contributed surplus	Deficit	Total
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
Expenses assumed by former parent company	-	-	-	-	-	-	(5,000)	-	(5,000)
Net loss for the period	-	-	-	-	-	-	-	(30,306)	(30,306)
Balance, January 31, 2014	**2,747,501**	**358,001**	**100,000**	**100,000**	**-**	**-**	**2,500**	**(43,017)**	**417,484**
Balance, July 31, 2014	**5,247,501**	**403,001**	**100,000**	**100,000**	**17,400**	**80,000**	**7,500**	**(199,918)**	**407,983**
Net loss for the period	-	-	-	-	-	-	-	(63,948)	(63,948)
Balance, January 31, 2015	**5,247,501**	**$ 403,001**	**100,000**	**$ 100,000**	**$ 17,400**	**$ 80,000**	**$ 7,500**	**$ (263,866)**	**$ 344,035**

The notes to the unaudited condensed interim financial statements are an integral part of these statements.

1. 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 January 31, 2015, 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 July 31, 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". The Company is also listed for trading on the Frankfurt Exchange, Germany, under the symbol "L00".

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 unaudited condensed interim financial statements have been adjusted to reflect this consolidation unless otherwise indicated.

2. Going Concern Assumption

These unaudited condensed interim 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 Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of March 27, 2015, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended July 31, 2014, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending July 31, 2015 could result in restatement of these unaudited condensed interim financial statements.

(b) Basis of Presentation

These unaudited condensed interim 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 except for cash flow information.

4. Significant Accounting Policies

Changes in accounting policies

(i) IAS 32 – Financial Instruments: Presentations ("IAS 32") clarifies some of the requirements for offsetting financial assets and financial liabilities on the consolidated statement of financial position. The amendment to IAS 32 is effective for annual periods beginning on or after January 1, 2014. At August 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim financial statements.

(ii) IFRIC 21 - 'Levies' ("IFRIC 21") is effective for the Company beginning on January 1, 2014. The interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, as well as addressing what the obligating event is that gives rise to pay a levy and when should a liability be recognized. At August 1, 2014, the Company adopted IFRIC 21 and there was no material impact on the Company's unaudited condensed interim financial statements.

(iii) IFRS 2 - Share-based Payment ("IFRS 2"). The amendments to IFRS 2, issued in December 2013 clarify the definition of "vesting conditions", and separately define a "performance condition" and a "service condition". A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014. The Company adopted the amendments and there was no material impact on the Company's unaudited condensed interim financial statements.

(iv) IFRS 13 - Fair Value Measurement ("IFRS 13") is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard 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. It also establishes disclosures about fair value measurement. At August 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim financial statements

4. Significant Accounting Policies (continued)

Changes in accounting policies (continued)

(v) IAS 24 - Related Party Disclosures ("IAS 24"). The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. At August 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim financial statements.

(vi) IAS 36 - Impairment of Assets ("IAS 36") was amended to address the disclosure required for the recoverable amount of impaired assets or cash generating unit for periods in which an impairment loss has been recognized or reversed. At August 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim 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.

(i) IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. 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. In July 2014, the IASB issued the final version of IFRS 9. The final amendments made in the new version include guidance for the classification and measurement of financial assets and a third measurement category for financial assets, fair value through other comprehensive income. The standard also contains a new expected loss impairment model for debt instruments measured at amortized cost or fair value through other comprehensive income, lease receivables, contract assets and certain written loan commitments and financial guarantee contracts. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. IFRS 9 is effective for annual periods beginning on January 1, 2018. The Company is currently assessing the impact of this pronouncement.

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.

5. Financial Risk Management (continued)

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.

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 January 31, 2015, the Company had $1,329 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. Amounts payable and other 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.

(Expressed in Canadian Dollars)

5. Financial Risk Management (continued)

Financial Risks (continued)
The carrying values, which approximate fair values, of the Company's financial instruments are as follows:

	As at January 31, 2015	As at July 31, 2014
Financial Assets		
Fair value through profit or loss		
Cash	$ 1,329	$ 1,791
Loans and receivables		
HST Recoverable	16,187	13,929
Due from related companies	40,080	100,255
Financial Liabilities		
Other financial liabilities		
Amounts payable and other liabilities	$ 13,345	$ 13,292
Due to officer	13,466	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 three and six months ended January 31, 2015. The Company is not subject to any capital requirements imposed by a lending institution.

(Expressed in Canadian Dollars)

7. Exploration and evaluation assets

Cost	Riverbank (Ontario property) (100% Interest)
Balance, July 31, 2013	**$ -**
Property acquisition costs	358,000
Impairment	(44,750)
Balance, July 31, 2014 and January 31, 2015	**$ 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 profit or loss and other comprehensive income during the year ended July 31, 2014. There was no impairment loss for the three and six months ended January 31, 2015.

8. Amounts Payable and Other Liabilities

	As at January 31, 2015	As at July 31, 2014
Amounts payable	**$ 5,945**	$ 3,292
Other liabilities	**7,400**	10,000
	$ 13,345	$ 13,292

9. Related Party Transactions and Disclosures

Related party transactions were in the normal course of operations. At January 31, 2015, the due from related companies in the amount of $40,080 (July 31, 2014 - $100,255) is comprised of due from Winston Resources Inc. of $36,580 (July 31, 2014 – $35,255), due from GreenBank Financial Inc. of $nil (July 31, 2014 - $60,000), due from Zara Resources Inc. of $7,500 (July 31, 2014 – $5,000) and due to a private company controlled by an officer of $4,000 (July 31, 2014 - $nil). The due to officer at January 31, 2015 was $13,466 (July 31, 2014 - $10,600). The amounts are due on demand and have no set repayment terms.

10. Share capital

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

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

(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

- the number of Common Shares reserved for issuance pursuant to Options granted to Insiders exceeding 10% of the outstanding Common Shares;
- the grant to Insiders within a 12-month period, of a number of Options exceeding 10% of the outstanding Common Shares;
- 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
- 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.

(Expressed in Canadian Dollars)

10. Share capital (continued)

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

Stock option transactions for the periods presented are as follows:

	Fair Value	Number of stock options	Weighted average exercise price ($)
Balance, July 31 2013 and January 31, 2014	**$ -**	**-**	**$ -**
Balance, July 31, 2014 and January 31, 2015	**$ 17,400**	**500,000**	**$0.05**

The following table sets out the details of the stock options granted and outstanding as at January 31, 2015:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
May 23, 2019	0.05	4.31	300,000	300,000	-
May 23, 2016	0.05	1.31	200,000	200,000	-
	0.05	**2.59**	**500,000**	**500,000**	**-**

(ii) ***Warrants***

The issued and outstanding warrants balance at January 31, 2015 is comprised as follows:

	Number of warrants
Balance, July 31, 2013 and January 31, 2014	**-**
Balance, July 31, 2014 and January 31, 2015	**2,500,000**

Issue date	Fair value	Expiry date	Exercise price	Number of warrants
May 23, 2014	$ 80,000	May 23, 2017	$0.05	2,500,000
Weighted average exercise price			$0.05	

10. Share capital (continued)

(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.

11. Net loss per common share

The calculation of basic and diluted loss per share for three and six months ended January 31, 2015 was based on the loss attributable to common shareholders of $20,602 and $63,948, respectively (three and six months ended January 31, 2014 – $17,093 and $30,306, respectively) and the weighted average number of common shares outstanding of 5,247,501 (three and six months ended January 31, 2014 – 2,747,501). All outstanding options and warrants were excluded from the calculation of diluted loss per share because their effect was anti-dilutive.

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 2,747,500 common shares to Zara at an attributed issue price of $0.1303 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 2,747,500 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 was 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.

12. Plan of Arrangement (continued)

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 January 31, 2015, all of the Company's exploration and evaluation assets and liabilities are situated in Canada.