LEO RESOURCES INC.

Audited Financial Statements

Year Ended July 31, 2015

(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 statements of financial position as at July 31, 2015 and July 31, 2014 and the statements of loss and comprehensive loss, cash flows and changes in equity for the years 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 audits 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, 2015 and 2014 and its financial performance and its cash flows for the years 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.

"Abraham Chan LLP"

Toronto, Canada
November 30, 2015

Abraham Chan LLP
Chartered Accountants
Licensed Public Accountants

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

As At July 31,		2015		2014
ASSETS				
Current assets				
Cash	$	**1,077**	$	1,791
Government HST Recoverable (note 8)		**16,980**		13,929
Prepaid expenses		**-**		2,650
Due from related companies (note 11)		**42,755**		100,255
Total current assets		**60,812**		118,625
Non-current assets				
Exploration and evaluation assets (note 9)		**44,795**		313,250
Total non-current assets		**44,795**		313,250
Total assets	$	**105,607**	$	431,875
EQUITY AND LIABILITIES				
Current liabilities				
Amounts payable and other liabilities (note 10)	$	**16,676**	$	13,292
Due to officer (note 11)		**17,466**		10,600
Due to related company (note 11)		**21,243**		-
Total current liabilities		**55,385**		23,892
Shareholders' Equity				
Common share capital (note 12)		**403,001**		403,001
Preferred share capital (note 12)		**100,000**		100,000
Reserve for warrants (note 12)		**80,000**		80,000
Reserve for share-based payments (note 12)		**16,835**		17,400
Contributed surplus		**9,465**		7,500
Deficit		**(559,079)**		(199,918)
Total shareholders' equity		**50,222**		407,983
Total liabilities and shareholders' equity	$	**105,607**	$	431,875

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

Approved on behalf of the Board of Directors:

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

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

The notes to the audited financial statements are an integral part of these statements.

Leo Resources Inc.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

Years Ended July 31,	2015	2014
Operating Expenses		
Bank charges	**$ 409**	$ 96
Filing and listing fees	**63,168**	10,029
Legal and professional fees	**10,989**	15,535
Management fees (note 11)	**-**	72,000
Shareholders information	**3,371**	2,328
Office and general expenses	**5,300**	15,035
Transfer agent fees	**6,069**	10,034
Share-based payments (note 12(ii))	**1,400**	17,400
Loss before other items	**(90,706)**	(142,457)
Impairment of exploration and evaluation assets (note 9)	**(268,455)**	(44,750)
Net loss and comprehensive loss	**$ (359,161)**	$ (187,207)
Basic and diluted net loss per share (note 13)	**$ (0.07)**	$ (0.06)
Weighted average number of common shares outstanding - basic and diluted	**5,247,501**	3,224,104

The notes to the audited financial statements are an integral part of these statements.

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

Years Ended July 31,	**2015**	**2014**
Operating activities		
Net loss for the year	**$ (359,161)**	$ (187,207)
Non-cash adjustments for:		
Share-based payments	**1,400**	17,400
Impairment of exploration and evaluation assets	**268,455**	44,750
Government HST recoverable	**(3,051)**	(13,929)
Prepaid expenses	**2,650**	(2,650)
Amounts payable and other liabilities	**3,384**	8,292
Net cash used in operating activities	**(86,323)**	(133,344)
Investing activities		
Due from related companies	**-**	(100,255)
Net cash used in investing activities	**-**	(100,255)
Financing activities		
Due to related company	**21,243**	-
Due to officer	**6,866**	10,600
Due from related companies	**57,500**	(1,000)
Proceeds from issuance of Series A Preferred shares	**-**	100,000
Cash proceeds from issuance of common shares (note 12)	**-**	125,000
Net cash provided by financing activities	**85,609**	234,600
Net change in cash	**(714)**	1,001
Cash, beginning of year	**1,791**	790
Cash, end of year	**$ 1,077**	$ 1,791

The notes to the audited financial statements are an integral part of these 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 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 9)	2,747,500	358,000	-	-	-	-	-	-	358,000
Preferred shares - Series A -issued to Zara for cash (note 12)	-	-	100,000	100,000	-	-	-	-	100,000
Issued on private placement	2,500,000	125,000	-	-	-	-	-	-	125,000
Valuation of warrants issued on private placement	-	(80,000)	-	-	-	80,000	-	-	-
Share-based compensation (note 12)	-	-	-	-	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**
Share-based compensation (note 12)	-	-	-	-	1,400	-	-	-	1,400
Options forfeited	-	-	-	-	(1,965)	-	1,965	-	-
Net loss for the year	-	-	-	-	-	-	-	(359,161)	(359,161)
Balance, July 31, 2015	**5,247,501**	**$ 403,001**	**100,000**	**$ 100,000**	**$ 16,835**	**$ 80,000**	**$ 9,465**	**$ (559,079)**	**$ 50,222**

The notes to the audited 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 July 31, 2015, Leo is 49.79% owned by Daniel Wettreich, a director of the Company, 19.96% owned by GreenBank Capital Inc. and 16.76% 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 15) 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 audited financial statements have been adjusted to reflect this consolidation unless otherwise indicated.

2. Going Concern Assumption

These audited 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 using the full cost method allowed under IFRS 6. 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.

2. Going Concern Assumption (continued)

As at July 31, 2015, the Company has yet to generate revenues from operations and had a deficit of $559,079 (2014 - $199,918). The Company is actively seeking additional sources of financing. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern that these uncertainties are material and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. These adjustments could be material.

3. Statement of Compliance and Basis of Presentation

(a) Statement of compliance

The policies applied in these financial statements are based on IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committees ("IFRIC") as of November 30, 2015, 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 certain financial instruments which may be measured at fair value in subsequent periods, and have been prepared using the accrual basis of accounting except for cash flow information.

4. Significant Accounting Policies

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

Related Party 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.

4. Significant Accounting Policies (continued)

Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statement of loss and other comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

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.

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.

4. Significant Accounting Policies (continued)

Impairment of non-financial assets
At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that these assets suffer any impairment in value, except for E&E which is first assessed against the indicators of IFRS 6. If any such IFRS 6 indication exists, the recoverable amount of the asset (or CGU) 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 as would be determined under IFRS 6.

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, abandonment or impairment.

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.

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.

4. Significant Accounting Policies (continued)

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

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 and vested, ending on the date on which the relevant employees become fully entitled to the award ("the vesting period or 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 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.

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 loss. 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 government HST recoverable and due from related companies as loans and receivable.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

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.

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.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

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.

4. Significant Accounting Policies (continued)

Changes in accounting policies
Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after July 31, 2014. The following new standards have been adopted:

(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 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 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 financial statements.

(iv) 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 financial statements.

(v) 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 financial statements.

4. Significant Accounting Policies (continued)

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 November 2009 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and 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. This standard also requires an expected loss impairment method to be used, replacing the incurred loss model.

In October 2010, the IASB added requirements for financial liabilities to IFRS 9. These requirements were largely carried forward from the existing requirements in IAS 39, however, fair value changes due to credit risk for liabilities designated at fair value through profit and loss are to be recorded in other comprehensive income.

In November 2013, the IASB amended IFRS 9 to include a new general hedge accounting model. The amendment also removed the January 1, 2015 effective date.

In July 2014, the IASB issued the final version IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both IAS 39 and IFRIC 9 - Reassessment of Embedded Derivatives. The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018. However, an entity may elect to apply the earlier versions of this new standard to annual periods beginning before January 1, 2018 if, and only if, its initial application date is before February 1, 2015. The Company is still in the process of assessing the impact of this pronouncement.

(ii) IFRS 11 - Joint Arrangements ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted. The Company is still in the process of assessing the impact of this pronouncement.

(iii) IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted. The Company is still in the process of assessing the impact of this pronouncement.

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.

5. Critical Accounting 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 effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income/loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies
Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

(a) Impairment of exploration and evaluation assets
The application of the Company's accounting policy for exploration and evaluation expenditure and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

(b) Title to mineral property interests
Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(c) Income taxes
Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

5. Critical Accounting Estimates and Judgments (continued)

Critical judgments in applying accounting policies (continued)

(d) Going concern risk assessment
The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

Key sources of estimation uncertainty
The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the financial statements.

(a) Share based compensation
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. This estimate also requires determining the most appropriate inputs to the valuation model. 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.

(b) Valuation of receivables and payables
The amounts due to/from parent company and company under common control have no stated terms of repayment or interest rate attached to it. Management must make judgments about the valuation and recoverability of receivables. Events and circumstances arising during the year, or that are foreseeable at year-end, are reflected in the valuation of these receivables in the statement of financial position and reflect management's best estimate of the fair value of these financial instruments.

6. 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, government HST recoverable, which is due from the Canadian government, as well as the related party receivables which are described in Note 11 and is expected to be recoverable. As such, the risk of loss on these assets is minimal.

Market and other 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 July 31, 2015, the Company had a cash balance of $1,077. 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 carrying values of the Company's financial instruments carried at amortized cost approximate fair values due to their short duration.

The Company has designated its cash at FVTPL. The government 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.

6. 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 July 31, 2015		As at July 31, 2014
Financial Assets				
Fair value through profit or loss				
Cash	$	1,077	$	1,791
Loans and receivables				
Government HST Recoverable		16,980		13,929
Due from related companies		42,755		100,255
Financial Liabilities				
Other financial liabilities				
Amounts payable and other liabilities	$	16,676	$	13,292
Due to related company		21,243		-
Due to officer		17,466		10,600

7. 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, 2015 and 2014. The Company is not subject to any capital requirements imposed by a lending institution.

8. Government HST Recoverable

As at July 31,	2015	2014
Government HST recoverable	**$ 16,980**	$ 13,929

Government HST recoverable is not past due.

9. Exploration and evaluation assets

Cost	Riverbank (Ontario property) (100% Interest)
Balance, July 31, 2013	**$ -**
Property acquisition costs	358,000
Write-off/impairment	(44,750)
Balance, July 31, 2014	**$ 313,250**
Write-off/impairment	(268,455)
Balance, July 31, 2015	**$ 44,795**

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 15. 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 15.

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.

During the year ended July 31, 2015, the Company allowed six out of seven Riverbank claims to lapse. As a result, $268,455 of the carrying value of the Riverbank property was written off and the amount was recorded in the statement of profit or loss and other comprehensive income for the year.

10. Amounts Payable and Other Liabilities

As at July 31,		2015		2014
Amounts payable	**$**	**9,676**	$	3,292
Other liabilities		**7,000**		10,000
	$	**16,676**	$	13,292

The aging of the amounts payable and other liabilities is as follows:

As at July 31,		2015		2014
Less then 30 days	**$**	**11,520**	$	12,605
From 30 days to 90 days		**226**		687
Greater than 90 days		**4,930**		-
	$	**16,676**	$	13,292

11. Related Party Transactions and Disclosures

Related party transactions were in the normal course of operations.

At July 31, 2015, the due from related companies in the amount of $42,755 (2014 - $100,255) is comprised of due from Winston Resources Inc. of $35,255 (2014 – $35,255), due from Zara Resources Inc. of $7,500 (2014 - $5,000) and due from GreenBank Financial Inc. of $nil (2014 - $60,000).

As at July 31, 2015, the due to related company of $21,243 (2014 - $nil) is comprised of due to GreenBank Capital Inc.

All the above companies have Daniel Wettreich, a director and officer of the Company, as director.

The due to officer at July 31, 2015 of $17,466 (2014 - $10,600) is comprised of due to Daniel Wettreich of $13,466 (2014 - $10,600) and due to Sammiri Capital Inc., a private company controlled by Daniel Wettreich, of $4,000 (2014 - $nil). These amounts were made to provide working capital and are due on demand and have no set repayment terms.

During the year ended July 31, 2015, the Company incurred transfer agent fees of $3,930 (2014 - $nil) to Reliable Stock Transfer Inc., ("Reliable") a company owned by Daniel Wettreich for the provision of share transfer services. As at July 31, 2015, amount owed to Reliable is $3,396 (2014 - $nil) and has been included in the accounts payable and accrued liabilities.

Key Management Compensation

The Company incurred management fees expenses of $nil (2014 - $72,000 to Sammiri Capital Inc, a private company controlled by Daniel Wettreich an officer, for the provision of management services).

During the year, the Company granted 50,000 options to David Lonsdale a director which options were assigned a fair value of $1400 (2014 - 500,000 options to four director and they were assigned a fair value of $17,400).

12. Share capital

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

- an unlimited number of common shares with no par value
- 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.

12. 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	$ -	-	0.10
Granted [1]	17,400	500,000	0.05
Balance, July 31, 2014	**$ 17,400**	**500,000**	**$0.05**
Granted [2]	1,400	50,000	0.05
Expired/forfeited	(1,965)	(50,000)	0.05
Balance, July 31, 2015	**16,835**	**500,000**	**0.05**

[1] 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.

[2] On July 1, 2015, the Company granted 50,000 options to purchase common shares of the Company to a director. Each option vests immediately with 50,000 exercisable at $0.05 for a twenty-four month term. A fair value of $1,400 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 rate of 0.49%, and an expected life of 2 years. Prior to the grant of options, Daniel Wettreich forfeited 50,000 options that he owned..

The following table sets out the details of the stock options granted and outstanding as at July 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, 2016	0.05	0.81	200,000	200,000	-
May 23, 2019	0.05	3.81	250,000	250,000	-
July 1, 2017	0.05	1.92	50,000	50,000	-
	0.05	**2.42**	**500,000**	**500,000**	**-**

12. Share capital (continued)

(ii) ***Warrants***

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

	Number of warrants
Balance, July 31, 2013	-
Issued (note 12 (iv))	2,500,000
Balance, July 31, 2014 and 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	

(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 15, 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.

13. Net loss per common share

The calculation of basic and diluted loss per share for year ended July 31, 2015 was based on the loss attributable to common shareholders of $359,161 (2014 – $187,207) and the weighted average number of common shares outstanding of 5,247,501 (2014 – 3,224,104). All outstanding options and warrants were excluded from the calculation of diluted loss per share because their effect was anti-dilutive.

14. Income Taxes

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rate is as follows:

	2015	2014
Loss before income taxes	**$ (359,161)**	**$ (187,207)**
Combined statutory rate	26.5%	26.5%
	(95,000)	(50,000)
Impairment of exploration and evaluation assets	71,000	12,000
Share-based compensation	-	4,000
Other	-	1,000
Benefit of tax losses (not recognized)	24,000	33,000
	$ -	$ -

As at July 31, 2015, the Company has Canadian non-capital losses of approximately $227,000 (2014 - $136,000) available for deduction against future Canadian taxable income, the balances of which will expire as follows:

2033	**$ 13,000**
2034	**123,000**
2035	**91,000**
	$ 227,000

Deferred income tax assets
The tax effects of temporary differences that give rise to significant portions of future tax assets are as follows:

	2015	2014
Benefit of non-capital losses	**$ 60,000**	$ 36,000
Mineral property exploration	**12,000**	12,000
Less: Valuation allowance (100% impairment of tax asset)	**(72,000)**	(48,000)
	$ -	$ -

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.

15. 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.

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."

16. 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, 2015, all of the Company's exploration and evaluation assets and liabilities are situated in Canada.