LEO RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED

October 31, 2015

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

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 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 October 31, 2015		As at July 31, 2015
ASSETS				
Current assets				
Cash	$	**357**	$	1,077
Government HST Recoverable (note 7)		**17,266**		16,980
Due from related companies (note 10)		**42,755**		42,755
Total current assets		**60,378**		60,812
Non-current assets				
Exploration and evaluation assets (note 8)		**44,795**		44,795
Total non-current assets		**44,795**		44,795
Total assets	$	**105,173**	$	105,607
EQUITY AND LIABILITIES				
Current liabilities				
Amounts payable and other liabilities (note 9)	$	**18,710**	$	16,676
Due to related parties (note 10)		**17,466**		17,466
Due to related company (note 10)		**25,828**		21,243
Total current liabilities		**62,004**		55,385
Shareholders' Equity				
Common share capital (note 11)		**403,001**		403,001
Preferred share capital (note 11)		**100,000**		100,000
Reserve for warrants (note 11)		**80,000**		80,000
Reserve for share-based payments (note 11)		**16,835**		16,835
Contributed surplus		**9,465**		9,465
Deficit		**(566,132)**		(559,079)
Total shareholders' equity		**43,169**		50,222
Total liabilities and shareholders' equity	$	**105,173**	$	105,607

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 unaudited condensed interim financial statements are an integral part of these statements.

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

Three Months Ended October 31,	2015	2014
Operating Expenses		
Bank charges	$ 25	$ 201
Filing and listing fees	1,500	36,779
Legal and professional fees	3,500	2,903
Office and general expenses	1,326	1,325
Transfer agent fees	702	2,138
Net loss and comprehensive loss	$ (7,053)	$ (43,346)
Basic and diluted net loss per share (note 12)	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	5,247,501	5,247,501

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)

Three Months Ended October 31,	2015	2014
Operating activities		
Net loss for the period	**$ (7,053)**	$ (43,346)
Government HST recoverable	**(286)**	(863)
Prepaid expenses	**-**	2,650
Amounts payable and other liabilities	**2,034**	(2,097)
Net cash used in operating activities	**(5,305)**	(43,656)
Investing activities		
Due from related companies	**-**	58,675
Net cash used in investing activities	**-**	58,675
Financing activities		
Due to related company	**4,585**	-
Net cash provided by financing activities	**4,585**	-
Net change in cash	**(720)**	15,019
Cash, beginning of period	**1,077**	1,791
Cash, end of period	**$ 357**	$ 16,810

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, 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	-	-	-	-	-	-	-	(43,346)	(43,346)
Balance, October 30, 2014	**5,247,501**	**403,001**	**100,000**	**100,000**	**17,400**	**80,000**	**7,500**	**(243,264)**	**364,637**
Balance, July 31, 2015	**5,247,501**	**$ 403,001**	**100,000**	**$ 100,000**	**$ 16,835**	**$ 80,000**	**$ 9,465**	**$ (559,079)**	**$ 50,222**
Net loss for the period	-	-	-	-	-	-	-	(7,053)	(7,053)
Balance, October 31, 2015	**5,247,501**	**$ 403,001**	**100,000**	**$ 100,000**	**$ 16,835**	**$ 80,000**	**$ 9,465**	**$ (566,132)**	**$ 43,169**

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 October 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) 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 October 31, 2015, the Company has yet to generate revenues from operations and had a deficit of $566,132 (July 31, 2015 - $559,079). 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 Company applies 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 December 21, 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, 2015, 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, 2016 could result in restatement of these unaudited condensed interim 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

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. 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. 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 10 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 October 31, 2015, the Company had a cash balance of $357. 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.

(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 October 31, 2015	As at July 31, 2015
Financial Assets		
Fair value through profit or loss		
Cash	$ 357	$ 1,077
Loans and receivables		
Government HST Recoverable	17,266	16,980
Due from related companies	42,755	42,755
Financial Liabilities		
Other financial liabilities		
Amounts payable and other liabilities	$ 18,710	$ 16,676
Due to related company	25,828	21,243
Due to related parties	17,466	17,466

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.

The Company defines its capital as its shareholders' equity. As at October 31, 2015, the Company's capital resources amounted to a deficiency of $43,169 (July 31, 2015 - $50,222).

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 months ended October 31, 2015. The Company is not subject to any capital requirements imposed by a lending institution.

7. Government HST Recoverable

	As at October 31, 2015	As at July 31, 2015
Government HST recoverable	**$ 17,266**	$ 16,980

Government HST recoverable is not past due.

(Expressed in Canadian Dollars)

8. Exploration and evaluation assets

Cost	Riverbank (Ontario property) (100% Interest)
Balance, July 31, 2014	**$ 313,250**
Write-off/impairment	(268,455)
Balance, July 31, 2015 and October 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 . 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 .

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.

9. Amounts Payable and Other Liabilities

	As at October 31, 2015	As at July 31, 2015
Amounts payable	**$ 8,775**	$ 9,676
Other liabilities	**9,935**	7,000
	$ 18,710	$ 16,676

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

	As at October 31, 2015	As at July 31, 2015
Less then 30 days	**$ 10,502**	$ 11,520
From 30 days to 90 days	**452**	226
Greater than 90 days	**7,756**	4,930
	$ 18,710	$ 16,676

10. Related Party Transactions and Disclosures

Related party transactions were in the normal course of operations.

At October 31, 2015, the due from related companies in the amount of $42,755 (July 31, 2015 - $42,755) is comprised of due from Winston Resources Inc. of $35,255 (July 31, 2015 – $35,255) and due from Zara Resources Inc. of $7,500 (July 31, 2015 - $7,500).

As at October 31, 2015, the due to related company of $25,828 (July 31, 2015 - $21,243) 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 related parties at October 31, 2015 of $17,466 (July 31, 2015 - $17,466) is comprised of due to Daniel Wettreich of $13,466 (July 31, 2015 - $13,466) and due to Sammiri Capital Inc., a private company controlled by Daniel Wettreich, of $4,000 (July 31, 2015 - $4,000). These amounts were made to provide working capital and are due on demand and have no set repayment terms.

During the three months ended October 31, 2015, the Company incurred transfer agent fees of $702 (three months ended October 31, 2014 - $nil) to Reliable Stock Transfer Inc., ("Reliable") a company owned by Daniel Wettreich for the provision of share transfer services. As at October 31, 2015, amount owed to Reliable is $4,189 (July 31, 2015 - $3,396) and has been included in the accounts payable and accrued liabilities.

11. 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

(Expressed in Canadian Dollars)

11. Share capital (continued)

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

- 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.

Stock option transactions for the periods presented are as follows:

		Fair Value	Number of stock options	Weighted average exercise price ($)
Balance, July 31, 2014 and October 31, 2014	$	17,400	500,000	0.05
Balance, July 31, 2015 and October 31, 2015	**$**	**16,835**	**500,000**	**$0.05**

The following table sets out the details of the stock options granted and outstanding as at October 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	0.56	200,000	200,000	-
May 23, 2019	0.05	3.56	250,000	250,000	-
July 1, 2017	0.05	1.67	50,000	50,000	-
	0.05	**2.17**	**500,000**	**500,000**	**-**

(Expressed in Canadian Dollars)

11. Share capital (continued)

*(ii) **Warrants***

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

	Number of warrants
Balance, July 31, 2014 and October 31, 2014	2,500,000
Balance, July 31, 2015 and October 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	

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

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

12. Net loss per common share

The calculation of basic and diluted loss per share for three months ended October 31, 2015 was based on the loss attributable to common shareholders of $7,053 (three months ended October 31, 2014 – $43,346) and the weighted average number of common shares outstanding of 5,247,501 (2014 – 5,247,501). All outstanding options and warrants were excluded from the calculation of diluted loss per share because their effect was anti-dilutive.

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