LEO RESOURCES INC

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE INTERIM NINE MONTHS PERIOD ENDED APRIL 30, 2017

(Prepared by Management and dated on June 29, 2017)

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MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF APRIL 30, 2017 TO ACCOMPANY THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF LEO RESOURCES INC (THE "COMPANY" OR "LEO") FOR THE NINE MONTHS PERIOD ENDED APRIL 30, 2017.

This MD&A is dated June 29, 2017

The following Management's Discussion and Analysis should be read in conjunction with the audited financial statements of the Company for the year ended July 31, 2016, and the unaudited condensed interim financial statements for the nine months ended April 30, 2017, which were prepared in accordance with International Financial Reporting Standards ("IFRS") and the notes thereto. All financial amounts are stated in Canadian currency unless stated otherwise.

This MD&A contains certain forward-looking statements based on the best beliefs, and reasonable assumptions of the management of the Company. There are many risks and uncertainties attached to the mineral exploration business. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. (See "Risks and Uncertainties" in this MD&A for more information).

DESCRIPTION OF THE BUSINESS

Overview

Leo Resources was formed on March 18, 2013 and is a minerals company focusing its main efforts on developing its Riverbank property in Ontario. The NI43-101 Technical reports for Riverbank is available under Leo's profile on SEDAR at www.sedar.com, and on the Company's website at www.LeoResourcesInc.com

Riverbank is located in the Kasabonika-McFauld's Greenstone Belt about 540 km to the north east of Thunder Bay and 350 km north of Geraldton, Ontario. At August 1, 2014 the Riverbank property consisted of 7 unpatented mining claims and on June 19, 2015 the Company allowed 6 of the 7 claims to lapse. It now consists of 1 unpatented mining claim. The property is believed to be underlain in part by mafic to ultramafic rocks that potentially could host nickel-copper mineralization.

The Qualified Person for the Riverbank Technical Report is Alan Aubut and the Technical Report was prepared by Alan Aubut. Mr. Aubut is a "Qualified Person" and "independent" of Zara within the meaning of NI 43-101.

While all geological information contained herein is derived from the Technical Report, the authors thereof have not reviewed or approved this MD&A. The Technical Report in its entirety can be found under Leo's profile at www.sedar.com.

Corporate History

Leo was previously a subsidiary of Zara Resources Inc. ("Zara"). On March 20, 2013, Zara announced a proposal to spin-off to its shareholders 100% of Leo. On March 20, 2013 Leo entered into an agreement with Zara to acquire 100% of the Riverbank claims ("Riverbank") for $358,000 to be satisfied by the issuance of 2,747,500 post consolidation common shares of Leo. In addition Zara also subscribed for 100,000 Non- Voting Series A Preferred Shares for the sum of $100,000 cash. Riverbank is also subject to a pre-existing 2% NSR. The spin-off was transacted by way of a statutory plan of arrangement (the "Leo Plan") under the Business Corporations Act (British Columbia). Upon completion of the Leo Plan, Leo owned 100% of Riverbank. Pursuant to the terms of the Leo Plan, Zara distributed 2,747,500 post consolidation common shares of Leo. On August 2, 2013 the spin-off received all necessary court approvals and the plan of arrangement was subsequently completed. Leo listed on the CSE on August 16, 2013. On May 21, 2014 Leo completed a 1 for 5 consolidation of its common shares.

On August 1, 2014 Leo dual listed its common shares on the Frankfurt Exchange and on XETRA. These listings were discontinued in February 2016.

Prior to January 31, 2016, Leo was 19.96% owned by GreenBank Capital Inc and 16.76% owned by Winston Resources Inc, both Canadain public companies. GreenBank and Winston declared share dividends on January 29, 2016 to distribute all of their shareholding interest to their shareholders. GreenBank and Winston no longer have any shareholder interest in the Company.

MINERAL PROPERTIES

Riverbank Nickel-Copper Project

Until June 19, 2015, the Riverbank property consists of 7 unpatented mining claims located in the Kasabonika-McFauld's Greenstone belt, part of the Sachigo sub-province of the Precambrian Shield area of Northwestern Ontario, approximately 540 km north-north east of Thunder Bay, Ontario and 350 km north of Geraldton, Ontario. On June 19, 2015 6 of the 7 claims were allowed to lapse and the property now consists of one claim.

The project area is located along the western margin of the James Bay Lowlands within the Tundra Transition Zone consisting primarily of string bog and muskeg whereby the water table is very near the surface. Average elevation is approximately 170 m above mean sea level. The property area is predominantly flat muskeg with poor drainage due to the lack of relief. Glacial features are abundant in the area and consist of till deposits, eskers, and drumlins, all of which are typically overlain by marine clays from the Hudson Bay transgression. The Riverbank property is believed to be underlain in part by mafic to ultramafic rocks that potentially could host nickel and copper mineralization. Prior to the acquisition of Leo's interest in the property the previous owners completed an airborne VTEM survey and associated aeromagnetic survey by Geotech. This was followed by one diamond drill hole in 2011 totaling 216 m. A number of conductive trends are present on the Riverbank property. The work to date indicates that the property is underlain by rocks that include ultramafic bodies. The geophysics done to date indicates that the target model of mafic-ultramafic associated nickel bearing magmatic sulphides is valid. Exploration over the property to date has consisted primarily of geophysics followed by limited diamond drilling.

INTEREST IN MINERAL PROPERTIES

The full capitalized cost of the mineral properties is reflected in the Company's financial statements.

FINANCIAL STATEMENTS GOING CONCERN ASSUMPTION

The financial statements have been prepared on the basis of accounting principles applicable to a going concern under 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.

As at April 30, 2017, the Company has yet to generate revenues from operations and had a deficit of $1,311,887 (July 31, 2016 - $590,997). 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.

RESULTS OF OPERATIONS

The Company is in the development stage and therefore did not have revenues from operations.

For the nine months period ended April 30, 2017, the Company incurred a net loss and comprehensive loss of $720,890 (2016 - $24,549); $0.477 loss per share (2016 - $0.023). This loss is mainly comprised of consulting fees of $690,862 (2016 - $nil), filing and listing fees of $13,100 (2016 - $7,773), legal and professional fees of $11,328 (2016 - $6,969) and office and general expenses of $2,130 (2016 - $3,975).

The increase in loss compared to last period is due to the Company entering into a non-binding letter of intent with Green Life Clinics Inc. in respect of a proposed transaction pursuant to which GLC is to acquire the Company by way of reverse takeover for a combination of cash and share consideration. (note 15)

For the three months period ended April 30, 2017, the Company incurred a net loss and comprehensive loss of $669,520 (2016 - $6,569); $0.272 loss per share (2016 - $0.00). This loss is mainly comprised of consulting fees of $690,862 (2016 - $nil), filing and listing fees of $9,980 (2016 - $1,500), legal and professional fees of $-34,880 (2016 - $-271).

For the nine months period ended April 30, 2017, the net cash used in operating activities was $798,604 (2016 - $12,673) and net cash provided by financing activities was $1,586,723 (2016 - $11,203).

Depending on future events, the rate of expenditures and general and administrative costs could increase or decrease.

Summary of Quarterly Results

The table below provides selected financial information that should be read in conjunction with the audited/unaudited financial statements of the Company for the applicable period:

Quarter ended	Apr.30, 2017	Jan.31, 2017	Oct.31, 2016	Jul.31, 2016
	$	$	$	$
Net Loss	669,520	44,867	6,503	20,507
Exploration and Evaluation Assets	44,795	44,795	44,795	44,795
Current Assets	912,829	2,616	754	2,211
Total Assets	957,624	47,411	45,549	47,006
Total Liabilities	60,210	80,477	33,748	28,702
Total Shareholders' Equity (Deficit)	897,414	(33,066)	11,801	18,304
Quarter ended	**Apr.30, 2016**	**Jan.31, 2016**	**Oct.31, 2015**	**Jul.31, 2015**
	$	$	$	$
Net Loss	6,569	10,927	7,053	24,573
Exploration and Evaluation Assets	44,795	44,795	44,795	44,795
Current Assets	1,779	48,756	60,378	60,812
Total Assets	46,574	93,551	105,173	105,607
Total Liabilities	20,901	61,309	62,004	55,385
Total Shareholders' Equity	25,673	32,242	43,169	50,222

Liquidity and Solvency

The Company will need access to equity capital to pursue its business plan and there is no guarantee that equity may be available, and if available it may not be on terms that Management finds is in the interest of the Company.

The following table summarizes the Company's cash on hand, working capital and cash flow.

As at	April 30, 2017
	$
Cash	788,119
Working Capital	852,619
Cash Used in Operating Activities	798,604
Cash Provided by Financing Activities	1,586,723
Increase in Cash	788,119

The Company is dependent on the sale of newly issued shares to finance its exploration activities, property acquisition payments and general and administrative costs. The Company will have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities.

Capital Resources

The Company has no operations that generate cash flow and its long term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable. The Company's primary capital assets as at April 30, 2017 are cash and exploration and evaluation assets.

Share Capital

The following is a summary of the Company's outstanding share, warrant and stock options data as of June 29, 2017.

Common Shares

The authorized capital of the issuer consists of an unlimited number of common shares without par value of which 26,716,316 are outstanding. Holders of the issuer’s common shares are entitled to vote at all meetings of shareholders declared by the directors, and subject to the rights of holders of any shares ranking in priority to or on a parity with the common shares, to participate rate-ably in any distribution of property or assets upon the liquidation, winding up or dissolution of the Issuer.

Preferred Shares

The Authorized capital of the Issuer consists of an unlimited number of preferred shares without par value, of which 20,000 are issued or outstanding. The preferred shares rank in priority to the common shares upon the liquidation, winding up or other dissolution of the Issuer. The preferred shares were issued in August 2013, as part of the plan of arrangement with Zara Resources Inc.

Stock Options

Options to purchase common shares in the capital of the Company are granted by the Company’s Board of Directors to eligible persons pursuant to the Company’s 2016 Stock Option Incentive Plan. During the nine months period ended April 30, 2017 the Company cancelled all its outstanding options. At June 29, 2017, the Company has no options outstanding.

Warrants

The Company had 500,000 warrants granted to Daniel Wettreich, a former director, pursuant to a private placement on May 23, 2014 at an exercise price of $0.25 per share and expiring on May 23, 2017.

On March 11, 2017, the Company issued 2,400,000 share purchase warrants at an exercise price of $0.325 per share and is exercisable for a period of two years from date of issuance.

On April 27, 2017, the Company issued 2,000,000 share purchase warrants at an exercise price of $0.60 per share and is exercisable for a period of one year.

On June 16, 2017, the Company issued 10,633,450 share purchase warrants at an exercise price of $0.85 per share and is exercisable for a period of one year.

At June 29, 2017, the Company has 15,033,450 purchase warrants outstanding.

The Company has 1,488,683 brokers' warrants outstanding as at June 29, 2017.

Outlook and Capital Requirements

There is no guarantee that market conditions will be conducive to raising additional equity capital. Depending on future events, the rate of Company expenditures and general and administrative costs could increase or decrease.

Related Parties Transactions

Related party transactions were in the normal course of operations.

As at April 30, 2017, the due to related company of $nil (July 31, 2016 - $678) is comprised of due to GreenBank Capital Inc. The amount was made to provide working capital and are due on demand.

GreenBank Capital Inc. has Daniel Wettreich, a former director and officer of the Company, as director.

The due to related party at April 30, 2017 of $nil (July 31, 2016 - $12,599) is comprised of due to Daniel Wettreich of $nil (July 31, 2016 - $12,599). These amounts were made to provide working capital and were paid out as at April 30, 2017.

During the three and nine months ended April 30, 2017, the Company incurred transfer agent fees of $226 and $876, respectively (three and nine months ended April 30, 2016 - $2,528 and $3,230, respectively) to Reliable Stock Transfer Inc., ("Reliable") a company owned by Daniel Wettreich for the provision of share transfer services. As at April 30, 2017, amount owed to Reliable is $nil (July 31, 2016 - $5,912) and has been included in the amounts payable and other liabilities.

During the nine months ended April 30, 2017, the Company incurred and paid fees of $85,714 (2016 - $nil) as consulting fees to directors, officers and companies controlled by directors and officers of the Company.

Included in prepaid expenses of $57,142 (2016 - $nil) are to directors, officers and companies controlled by directors and officers of the Company.

During the nine months ended April 30, 2017, the Company incurred and paid fees of $20,000 (2016 - $nil) as consulting fees to Bridgemark Financial which was owned by one of the former directors.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet transactions.

Proposed Transactions

There are no proposed transactions that will materially affect the performance of the Company other than those disclosed in this MD&A.

Accounting Policies

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and may require management to make judgments or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with IFRS. In preparing financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available. These financial statements have been prepared by management in accordance with IFRS. Outlined below are those policies considered particularly significant:

Significant estimates and judgments

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

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

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

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

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

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

Related party transactions and disclosures

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be Individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions are in the normal course of business and have commercial substance and are measured at the fair value.

Deferred income taxes

Deferred income taxes are provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

- Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- Taxable temporary differences associated with investments in associates and interests in joint ventures, where the timing in the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

The carrying amount of deferred income tax assets is reviewed at each reporting date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Impairment of non-financial assets

At each reporting date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that these assets suffer any impairment in value, except for E&E which is first assessed against the indicators of IFRS 6. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss.

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

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

Functional currency

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

Exploration and evaluations assets ("E&E")

E&E assets consist of exploration and mining concessions, options and contracts. Acquisition costs, lease costs and exploration costs are capitalized and deferred until such time as the asset is moved to a mining asset (if meets the economic and feasible stage) or the properties are disposed of either through sale or abandonment.

E&E costs consist of such items as:

- Acquisition of exploration properties;
- Gathering exploration data through topographical and geological studies;
- Exploratory drilling, trenching and sampling;
- Determining the volume and grade of the resource;
- Test work on geology, metallurgy, mining, geotechnical and environmental; and
- Conducting engineering, marketing and financial studies.

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:

1. 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.
2. Substantive expenditures on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned.
3. 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.

4. Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or sale.

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

Recoverable amount is the higher of fair value less disposal costs and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Equity settled transactions

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

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

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

Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are recognized in equity as a reduction from the gross proceeds received from the issued shares.

Financial instruments

Fair value through profit or loss (FVTPL)

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

Available-for-sale financial assets

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

Loans and receivables

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

Other financial liabilities

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

Financial instruments recorded at fair value:

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

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

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

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

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

Loss per share

Loss per share is calculated based on the weighted average number of common shares issued and outstanding during the period. In the years when the Company reports a net loss, the effect of potential issuances of common shares are anti-dilutive, therefore, basic and fully diluted loss per common share is the same. The diluted loss per share reflects the potential dilution of common share equivalents, such as the conversion of outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The treasury stock method is used for the assumed proceeds upon exercise of the options and warrants.

Changes in accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after July 31, 2016. The following new standards have been adopted:

- IFRS 11 Joint Arrangements ("IFRS 11")

  Joint Arrangements 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. Early adoption is permitted. The Company is still in the process of assessing the impact of this pronouncement.

- IAS 1 Presentation of Financial Statements ("IAS 1")

  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.

Future accounting policies

At the date of authorization of these Financial Statements, the IASB has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting period.

- IFRS 9 Financial Instruments ("IFRS 9")

  IFRS 9 was issued by the IASB in November 2009 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9replace 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: amortization costs 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 carry forward from the existing requirements in IAS 39, however, fair value changes due to credit risk for financial 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 of 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 new 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.

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 risk

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 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 April 30, 2017, the Company had $788,119 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 this mineral. 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 are classified as loans and receivables whereby they are initially recognized at fair value and then subsequently carried at amortized cost. Accounts payables and accrued liabilities, due to related company and due to officer are classified as other financial liabilities whereby they are initially recognized at fair value and then measured at amortized cost.The carrying values, which approximate fair values, of the Company's financial instruments are as follows:

As at		**April 30, 2017**		**July 31, 2016**
Financial Assets				
Fair value through profit or loss				
Cash	**$**	**788,119**	$	-
Loans and receivables				
Government HST recoverable	**$**	**27,568**	$	2,211
Financial Liabilities				
Fair value through profit or loss				
Bank indebtedness	**$**	**-**	$	773
Other financial liabilities				
Amounts payable and other liabilities	**$**	**60,210**	$	14,652
Due to related party	**$**	**-**	$	13,277

Capital Management

The Company considers its capital as its shareholders' equity. As at April 30, 2017, the Company's capital resources amounted to $852,619 (July 31, 2016 - $18,304). The Company manages its capital structure and makes adjustments to it in light of the changes in economic conditions and the risk characteristics of its underlying assets and the funds available to the Company, in order to support the acquisition, exploration and development of E&E and to ensure it continues as a going concern. In order to maintain or adjust the capital structure, the Company may issue new shares and acquire or sell mining properties to improve its financial performance and flexibility. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the Company.

To effectively manage the Company's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives. As needed, the Company raises funds through private placements or other equity financings. The Company does not utilize long term debt as the Company does not currently generate operating revenues. There is no dividend policy.

There has been significant market turbulence worldwide due to the credit crisis and potential of a global recession. These market conditions have, and are expected to continue to have, an adverse impact on the ability to secure equity funding. The Company is required to rely on equity financing to raise capital, but its ability to do may be impacted by the current global situation and economic uncertainties. Management has considered how these conditions have impacted the Company's viability given its current capital structure and considers that until the outcome of future financing activities is known there is considerable uncertainty about the appropriateness of the use of the going concern basis of accounting.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable considering the nature and relative size of the Company. The Company is not subject to externally imposed capital requirements.

Risks and Uncertainties

The Company's principal activity is mineral exploration and development Companies in this industry are subject to many and varied kinds of risk, including but not limited to, environmental, metal prices, political and economic. The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer an opportunity to a mining company to acquire an interest in a property in return for funding all or part of the exploration and development of the property. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issue of shares from the treasury to investors. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record and the experience of management The Company has no significant source of operating cash flow and no revenues from operations. The Company has not yet determined whether its mineral property contains mineral reserves that are economically recoverable. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves. There is no guarantee that the Company will be able to contribute or obtain all necessary resources and funds for the exploration and exploitation of its permits, and may fail to meet its exploration commitments. Mineral exploration involves a high degree of risk and few properties, that are explored, are ultimately developed into producing mines. Exploration of the Company's mineral property may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations. The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

Conflicts of Interest

Certain of the directors and officers of the Company may also serve as directors and officers of other companies involved in gold and precious metal or other natural resource exploration and development and consequently the possibility of conflict exists. Any decisions made by such directors or officers involving the Company will be made in accordance with the duties and obligations of directors and officers to deal fairly and in good faith with the Company and such other companies. In addition, such directors declare their interest and refrain from voting on any matters in which such directors may have a conflict of interest.

Management's Responsibility for Financial Statements

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the audited financial statements.

Trends

Trends in the industry can materially affect how well any junior exploration company is performing. The price of precious metals has declined recently. Company management believes that prices will be higher over time.

Outlook

The outlook for precious metals continues to be positive and this is reflected in the Company's ongoing activity.

Cautionary Statement

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans and our other future plans and objectives are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates of stock-based compensation expense. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statement Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date of statements are made, and the Company endeavors to update corporate information and material facts on a timely basis. Forward-looking statements are subject to risks, uncertainties and other actors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks.

Subsequent Events

On May 2, 2017, the Company consolidate its issued and outstanding share capital on the basis of one post-consolidation share for each five pre-consolidation common shares. No fractional shares will be issued. Any fraction of a share will be rounded down to the nearest whole number.

On May 9, 2017, the Company entered into a non-binding letter of intent with Green Life Clinics Inc. (GLC) dated May 8, 2017, in respect of a proposed transaction pursuant to which GLC is expected to acquire Leo Resources Inc. by way of reverse takeover for a combination of cash and share consideration. The final structure of the transaction has not yet been finalized and will be determined following receipt of tax, corporate and securities law advice for both Leo and GLC. Upon completion of the acquisition, the combined entity will continue to carry on the business of GLC.

Pursuant to the terms of the LOI, Leo would acquire 100 per cent of the issued and outstanding securities of GLC in consideration of the payment of an aggregate $5-million in cash and issuance of 25 million common shares of the Company to the shareholders of GLC.

The transaction is subject to the Company completing an equity financing by way of a non-brokered private placement of units to raise aggregate gross proceeds of $10-million at an intended price of 50 cents per unit. The Company will also have an overallotment option to place up to an additional 50 per cent of the financing. Each unit will consist of one common share and one-half of one common share purchase warrant. Each full warrant will entitle the holder to purchase an additional common share at the price of 85 cents per share for a period of 12 months from the closing of the transaction. In the event that company's share prices closes at a price of $1.40 per share for a period of 10 consecutive trading dates, the Company will have the option to provide notice to the warrant holders in writing or through press release to accelerate the term of the warrants to a period of 30 days following such notice. The Company may pay finders' fees in connection with the financing. The net proceeds from the financing will be used for the development of the business, potential acquisitions and general working capital purposes.

On May 16, 2017, further to the news release dated May 9, 2017, with respect to Leo Resources Inc. entering into a non-binding letter of intent (LOI) with Green Life Clinics Inc. (GLC), GLC has entered into a non-binding agreement to acquire Patient Access Pavilions Ltd. (PAP) which is a marketing technology company used to verify, sort and compile possible ACMPR (access to cannabis for medical purposes regulations) patients.

On May 29, 2017, further to the news release dated May 9, 2017, which respect to Leo Resources Inc. entering into a non-binding letter of intent (LOI) with Green Life Clinics Inc. (GLC), the completion of the definitive agreement with GLC is expected to be complete on or before June 30, 2017.

Completion of the acquisition of GLC is subject to, among other things, as previously announced, the company completing an equity financing by way of a non-brokered private placement of units to raise aggregate gross proceeds of $10-million at an intended price of 50 cents per unit on or before June 30, 2017; and if required receipt of any required shareholder, and regulatory and third party consents.

On June 5, 2017, the Company has taken the initiative to look into further acquisitions of medical clinics that will issue access to cannabis for medical purposes regulations (ACMPR) licences to individuals. The company has started exploring opportunities that could potentially increase shareholder value and highlight potential clinic acquisitions which will align with the proposed acquisition of GLC.

The Company will focus its business model around taking interested applicants of the ACMPR system and streamlining them to self-owned clinics where they are diagnosed and matched with a suitable licensed producers for a royalty or perpetuity payment. Due to a suspected high growth rate, preliminary steps are being made so the business will be able to handle the volume of interest.

In order to deal with suspected growth rates and inflow of lead generation of ACMPR applicants, Leo's proposed strategy includes searching for additional medical marijuana clinic acquisitions concurrently to the closing of the proposed acquisition of GLC.

On June 21, 2017, the Company has oversubscribed and closed the first tranche of its non-brokered private placement for 21,266,900 units for gross proceeds $10,633,450 at a price of 50 cents per unit.

Each unit will consist of one common share and one-half of one common share purchase warrant. Each full warrant will entitle the holder to purchase an additional common share at the price of 85 cents per share for a period of 12 months from the closing of the transaction. In the event that Company's share prices closes at a price of $1.40 per share for a period of 10 consecutive trading dates, the Company will have the option to provide notice to the warrantholders in writing or through press release to accelerate the term of the warrants to a period of 30 days following such notice.

In connection with the private placement, the Company has paid finders' fees in the amount of 7 per cent of gross proceeds raised and common share purchase warrants entitling the finder to purchase common shares of the Company up to 7 per cent of the number of units sold in the private placement, having the same terms as the warrants issued in the financing.

The Company will proceed with the overallotment option of the financing and is expecting to close a second tranche of the financing of up to $2.5-million.

The net proceeds from the financing will be used for the development of the business, potential acquisitions and general working capital purposes.

Change of management

On February 8, 2017, Daniel Wettreich, a director and chief executive officer the Company has closed the previously announced sale of the majority of his shareholdings in the Company.

The shares were acquired by Anthony Jackson and a number of independent investors from Sammiri Capital Inc., a private company owned by Daniel Wettreich. A total amount of 667,433 common shares representing 64 percent of the issued and outstanding share capital of the Company were sold for a payment of $210,000 at a deemed price of 31.45 cents per share. Daniel Wettreich has also sold 0.5 million five-cent warrants to the purchasers for $25,000. Further, the purchasers have entered into a loan agreement with the Company in the amount of $40,000, which will be used to repay the outstanding payables and indebtedness of the Company.

The Company has appointed Mr. Jackson a director and CEO, Konstantin Lichtenwald a director, and Ken Tollstam a director. Daniel Wettreich has retired as a director and CEO, Mark Wettreich has retired as a director and corporate secretary, and Peter Wanner, Paul Cullingham and David Lonsdale have retired as directors.

Private placement

On March 11, 2017, the Company oversubscribed and closed its previously announced non-brokered private placement on March 3, 2017. The private placement was oversubscribed by $100,000 for a total of 2,400,000 units and gross proceeds of $600,000 at a price of $0.25 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each whole warrant is convertible into one common share at a price of $0.325 per share and is exercisable for a period of two years from date of issuance.

On April 27, 2017, the Company closed a non-brokered private placement of 2,000,000 units and gross proceeds of $1,000,000 at a price of $0.50 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each whole warrant is convertible into one common share at a price of $0.60 per share and is exercisable for a period of one year.

On June 16, 2017, the Company oversubscribed and closed the first tranche of its non-brokered private placement on May 9, 2017. The private placement was oversubscribed by $633,450 for a total of 21,266,900 units and gross proceeds $10,633,450 at a price of $0.50 per unit. Each unit consists of one common share of the Company and one-half common share purchase warrant. Each full warrant is convertible into one common share at a price of $0.85 per share and is exercisable for a period of 12 months from the closing of the transaction.

Other

Additional information relating to the Company's operations and activities can be found by visiting the Company's website at www.LeoResources.com and www.sedar.com.