

LEO RESOURCES INC.
Condensed Consolidated Interim
Financial Statements
For the Three and Nine Months Ended
April 30, 2018
(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 consolidated 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 consolidated 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 Consolidated Interim Statements of Financial Position (Expressed in Canadian Dollars)

As at	April 30, 2018	July 31, 2017
	(Unaudited)	(Audited)
ASSETS		
Current assets		
Cash	\$ 2,975,826	\$ 4,641,327
Account receivable (note 4)	64,938	52,880
Prepaid expenses (note 5)	97,914	1,192,040
Total current assets	3,138,678	5,886,247
Non-current assets		
Investment in Green Life Clinics Inc. (note 7)	3,225,000	3,225,000
Due from Green Life Clinics Inc. (note 7)	1,464,750	976,250
Due from Medical Cannabis Resource Centre Inc. (note 7)	486,990	35,000
Due from related party (note 8)	50,000	50,000
Total non-current assets	5,226,740	4,286,250
Total assets	\$ 8,365,418	\$ 10,172,497
EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (notes 6 and 8)	\$ 68,061	\$ 397,286
Due to related company (note 8)	3,406	3,406
Total current liabilities	71,467	400,692
Shareholders' equity		
Share capital (note 9)	7,878,425	7,878,425
Subscription receivable (note 9)	-	(7,000)
Reserves	4,633,873	4,633,873
Accumulated deficit	(4,218,347)	(2,733,493)
Total shareholders' equity	8,293,951	9,771,805
Total liabilities and shareholders' equity	\$ 8,365,418	\$ 10,172,497

Nature of operations (note 1)

Going concern (note 2)

Approved on behalf of the Board of Directors:

"Usama Chaudhry" (signed) Director
Usama Chaudhry, Director

"Ken Tollstam" (signed) Director
Ken Tollstam, Director

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

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

	Three months ended		Nine months ended	
	April 30,		April 30,	
	2018	2017	2018	2017
Operating Expenses				
Bank charges	\$ 2,556	\$ 477	\$ 6,907	\$ 544
Consulting fees	344,798	690,862	1,138,157	690,862
Filing and listing fees	22,696	9,980	29,334	13,100
Legal and professional fees (recovery) (note 8)	26,947	(34,880)	105,079	11,328
Director fees	10,000	-	30,000	-
Shareholder information	-	351	-	351
Office and general expenses (note 8)	46,071	805	161,478	2,130
Transfer agent fees (note 8)	551	1,925	13,899	2,575
Net loss and comprehensive loss	\$ (453,619)	\$ (669,520)	\$ (1,484,854)	\$ (720,890)
Basic and diluted net loss per share	\$ (0.015)	\$ (0.272)	\$ (0.048)	\$ (0.477)
Weighted average number of common shares outstanding - basic and diluted	30,838,916	2,465,147	30,838,916	1,510,955

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

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

For the Nine Months Ended April 30,**2018****2017**

Operating activities

Net loss for the period \$ (1,484,854) \$ (720,890)

Changes in non-cash working capital items:

Prepaid expenses 1,094,126 (97,142)

Government GST recoverable (12,058) (25,357)

Amounts payable and other liabilities (329,225) 44,785

Net cash used in operating activities (732,011) (798,604)

Financing activities

Shares issued for private placements - 1,600,000

Subscription received 7,000 -

Due to related company (940,490) (678)

Due to related party - (12,599)

Net cash provided by (used in) financing activities (933,490) 1,586,723

Net change in cash (1,665,501) 788,119**Cash, beginning of period 4,641,327 -**

Cash, end of period \$ 2,975,826 \$ 788,119

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

Leo Resources Inc.

Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Common Share Capital		Preferred Share Capital		Share-based payments	Reserves		Subscriptions receivable		Total
	Number of shares	Amount	Number of shares	Amount		Warrants	Contributed surplus	Amount	Deficit	
Balance, July 31, 2016	1,049,416	\$ 403,001	100,000	\$ 100,000	\$ 11,235	\$ 80,000	\$ 15,065	\$ -	\$ (590,997)	\$ 18,304
Cancelled options	-	-	-	-	(11,235)	-	11,235	-	-	-
Private placements	4,400,000	863,660	-	-	-	736,340	-	-	-	1,600,000
Net loss for the period	-	-	-	-	-	-	-	-	(720,890)	(720,890)
Balance, April 30, 2017	5,449,416	\$ 1,266,661	100,000	\$ 100,000	\$ -	\$ 816,340	\$ 26,300	\$ -	\$ (1,311,887)	\$ 897,414
Balance July 31, 2017	30,838,916	\$ 7,778,425	20,000	\$ 100,000	\$ -	\$ 4,607,573	\$ 26,300	\$ (7,000)	\$ (2,733,493)	\$ 9,771,805
Subscription received	-	-	-	-	-	-	-	7,000	-	7,000
Net loss for the period	-	-	-	-	-	-	-	-	(1,484,854)	(1,484,854)
Balance, April 30, 2018	30,838,916	\$ 7,778,425	20,000	\$ 100,000	\$ -	\$ 4,607,573	\$ 26,300	\$ -	\$ (4,218,347)	\$ 8,293,951

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

Leo Resources Inc.

Notes to Condensed Consolidated Interim Financial Statements For the Three and Nine Months Ended April 30, 2018 (Expressed in Canadian Dollars) (Unaudited)

1. Nature of Operations

Leo Resources Inc. ("Leo" or "Company") was incorporated on March 18, 2013 in the Province of British Columbia. The Company was engaged in the business of acquisition and exploration of mining properties in Canada. Prior to January 31, 2016, Leo was 19.96% owned by GreenBank Capital Inc. ("GreenBank") and 16.76% owned by Winston Resources Inc. ("Winston"), both Canadian public companies. GreenBank and Winston declared share dividends on January 29, 2016 to distribute all of their shareholding interest of Leo to their shareholders. GreenBank and Winston no longer have any shareholder interest in the Company. The Company's common shares trade on the Canadian Securities Exchange ("CSE"). The head office of the Company is located at 1100 West Hasting Streets, Suite 800, Vancouver, BC, Canada.

On May 29, 2017, the Company completed a definitive agreement with Green Life Clinics Inc. ("GLC") (note 7). Pending approval with the CSE, the Company plans on entering the cannabis industry.

2. Going Concern Assumption

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern under International Financial Reporting Standards ("IFRS"). The use of these principles under IFRS assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations.

The Company has 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, 2018, the Company has yet to generate revenues from operations and had a deficit of \$4,218,347 (July 31, 2017 - \$2,733,493). 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 condensed consolidated interim financial statements. These adjustments could be material.

3. Statement of Compliance and Basis of Presentation

(a) Statement of Compliance

The policies applied in these condensed consolidated interim financial statements are based on IFRS as issued by the International Accounting Standards Board ("IASB"), in particular IAS 34, Interim Reporting, and interpretations issued by the Interpretation Financial Reporting Interpretations Committees ("IFRIC"). The board of directors approved the condensed consolidated interim financial statements on June 28, 2018.

(b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly own subsidiary 1125076 B.C. Ltd. Control is achieved when the Company has the power to govern the financial operating policies of an entity so as to obtain benefits from its activities. The subsidiary is consolidated from the date on which control is transferred to the Company until the date on which control ceases. All inter-company transactions, balances, income and expense are eliminated upon consolidation.

Leo Resources Inc.

Notes to Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended April 30, 2018
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4. Accounts Receivable

As at		April 30, 2018		July 31, 2017
Government GST recoverable	\$	64,938	\$	52,880

5. Prepaid Expenses

The prepaid expenses of \$94,581 (July 31, 2017 - \$1,192,040) comprise of prepaid consulting fees and \$3,333 (July 31, 2017 - \$Nil) prepaid management fees. During the year ended July 31, 2017, the Company entered into a number of consulting agreements with various parties. The consulting services consist of working with the Company to develop and implement a cohesive broad awareness strategy to further the Company's objectives. The terms of the agreements require that the consulting services are performed over a period of 12 months and payment is made in full on the date the agreement is signed by both parties and is in effect. The fees will be expensed straight-line over the term of the agreements.

6. Amounts Payable and Other Liabilities

As at		April 30, 2018		July 31, 2017
Amounts payable (note 8)	\$	59,236	\$	388,461
Other liabilities		8,825		8,825
	\$	68,061	\$	397,286

7. Amalgamation Agreement

On May 8, 2017, the Company entered into an amalgamation agreement under which it will acquire GLC by way of a three-corner amalgamation pursuant to which GLC will amalgamate with 1125076 B.C. Ltd., a wholly owned subsidiary of the Company, and the shareholders of GLC will receive one common share of the Company for each GLC share held, resulting in the aggregate issuance of 25,000,000 of the Company's shares. Holders of the Class B shares in the capital of GLC will also receive a cash payment of \$0.125 per share for aggregate consideration of \$2,000,000.

Pursuant to the agreement, on July 6, 2017, the Company advanced \$3,225,000 to GLC. This payment is to be utilized by GLC to repay shareholder loans incurred in relation to the GLC's acquisition of MCRCI Medicinal Cannabis Resources Inc. ("MCRCI") and to be incurred to complete the acquisition of Patient Access Pavilions Ltd. This payment was financed by the proceeds raised from the Company's non-brokered financing. Further, the Company advanced \$35,000 to MCRCI for working capital. According to the agreement, there are no terms for re-payments of these amounts and they will be written off as a loss if the amalgamation is not completed. Additionally, the Company paid in total \$1,641,517 consulting fees on behalf of GLC and MCRCI.

The amalgamation is subject to a number of conditions precedent, including, among other things, receipt of all applicable approval from CSE. Unless all of such conditions are satisfied or waived, to the extent they are capable of waiver, the amalgamation will not proceed. There is no assurance that the conditions will be satisfied or waived on a timely basis or at all.

As at June 28, 2018, this amalgamation has not yet completed.

Leo Resources Inc.

**Notes to Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended April 30, 2018
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(Unaudited)**

8. Related Party Transactions and Disclosures

As at April 30, 2018, the amount due to related company of \$3,406 (July 31, 2017 - \$3,406) is owed to a company with a former common director. The amount is unsecured, non-interest bearing and due on demand.

The amount due from related party at April 30, 2018 of \$50,000 (July 31, 2017 - \$50,000) is due from a former director. This amount is unsecured, non-interest bearing and due on demand.

During the three and nine months ended April 30, 2018, the Company incurred transfer agent fees of \$Nil (2017 - \$226 and \$876, respectively) to a company owned by a former director for the provision of share transfer services.

During the three and nine months ended April 30, 2018, the Company incurred consulting fees of \$Nil and \$3,750, respectively (2017 - \$85,714 and \$85,714, respectively), accounting fees of \$Nil and \$11,500, respectively (2017 - \$Nil) and office expense of \$Nil and \$3,157, respectively (2017 - \$Nil) to a company owned by a director of the Company and office expense of \$3,090 and \$7,782, respectively (2017 - \$Nil) to directors of the Company. Additionally, the Company paid management fees of \$30,000 (2017 - \$Nil) to a director.

At April 30, 2018, the Company has a balance of \$7,635 owing to a company owned by a director of the Company and the amounts are included in accounts payable and other liabilities.

9. Share Capital

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

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

Issuance of shares and warrants

During the period ended April 30, 2018, the Company did not issue any common or preferred shares.

(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.

There are no stock options outstanding as at April 30, 2018 or July 31, 2017.

Leo Resources Inc.

Notes to Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended April 30, 2018
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(Unaudited)

9. Share Capital (continued)

(iii) Warrants

The issued and outstanding warrants balance at April 30, 2018 is comprised as follows:

	Number of warrants
Balance, July 31, 2016	500,000
Issued	17,200,977
Exercised	(725,000)
Balance, July 31, 2017 and April 30, 2018	16,975,977

The following table sets out the details of the warrants granted and outstanding as at April 30, 2018:

Issue date	Fair value	Expiry date	Weighted average exercise price	Number of warrants
March 11, 2017	\$ 188,568	March 11, 2019	\$ 0.325	2,175,000
April 27, 2017	284,858	October 27, 2018	0.600	2,000,000
June 21, 2017	3,636,373	December 21, 2018	0.850	11,077,145
July 24, 2017	524,479	January 24, 2019	0.850	1,723,832
	\$ 4,634,278		\$ 0.753	16,975,977

On April 27, 2018 the Company extended the terms of its 14,800,177 outstanding warrants by six months as follows:

- 1,723,032 warrants exercisable at \$0.85 expiring on July 24, 2018, to be extended to Jan. 24, 2019;
- 11,077,145 warrants exercisable at \$0.85 expiring on June 21, 2018, to be extended to Dec. 21, 2018; and
- 2,000,000 warrants exercisable at \$0.60 expiring on April 27, 2018, to be extended to Oct. 27, 2018.