

LEO ACQUISITIONS CORP.
(A Capital Pool Corporation)

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND
SIX MONTHS ENDED DECEMBER 31, 2015**

February 29, 2016

The following discussion and analysis of the operating results and financial position is supplementary to, and should be read in conjunction with, the unaudited interim condensed financial statements for the three and six months ended December 31, 2015 of Leo Acquisitions Corp. ("Leo" or the "Company"). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All monetary amounts are expressed in Canadian dollars.

FORWARD-LOOKING INFORMATION

The discussion and analysis and other sections of this report contain forward-looking statements. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause results to differ materially from those contemplated by these forward-looking statements. Management considers the assumptions on which these forward-looking statements are based to be reasonable at the time the statements were prepared, but cautions the reader that they could cause actual results to differ materially from those anticipated.

COMPANY PROFILE

Leo Acquisitions Corp.

Leo Acquisitions Corp. was incorporated under the Business Corporations Act (Ontario) on October 28, 2009 and is classified as a Capital Pool Corporation as defined in TSX Venture Exchange Inc. (the "Exchange") Policy 2.4. The Company has not commenced commercial operations and has no significant assets other than cash. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction, as defined in Exchange Policy 2.4. Except as described in the Company's prospectus dated November 4, 2010, the funds raised pursuant to the Company's Initial Public Offering (the "Offering") will be utilized only for the identification and evaluation of potential Qualifying Transactions and, to the extent permitted by Policy 2.4, for general and administrative expenses.

On February 2, 2011, the Company completed its Initial Public Offering (the "Offering") of 5,740,500 common shares at a price of \$0.10 per common share for total gross proceeds of \$574,050 and has filed for listing as a Capital Pool Company on the TSX Venture Exchange. Union Securities Ltd. acted as lead agent on the Offering. The common shares of Leo commenced trading on the TSX Venture Exchange on February 8, 2011 under the trading symbol "LEQ".

On August 10, 2011, the Company completed a non-brokered private placement of 500,000 common shares at price of \$0.10 per share for gross proceeds of \$50,000.

On May 14, 2013, the Company announced that it received approval from the Exchange to transfer its listing to the NEX board of the Exchange under the ticker symbol “LEQ.H”. Accordingly, the common shares of the Company were transferred to the NEX board of the Exchange effective the opening on May 16, 2013.

As part of the transfer to the NEX board of the Exchange, the Company received shareholder approval at its annual and special shareholders’ meeting held on April 26, 2013, to cancel 50% of the seed shares purchased by Non-Arm’s Length Parties, as that term is defined under the Exchange Policies, at a discount to the Company’s initial public offering price of \$0.10. Accordingly, 1,000,000 common shares of the Company held by Non-Arm’s Length Parties have been cancelled. These shares were previously held in escrow and were cancelled in accordance with section 11.2(ii) of the Exchange Policies. These actions are a result of the Company’s inability to complete a Qualifying Transaction within the time period prescribed by the Exchange.

On May 30, 2014, the Company entered into a signed letter of intent (the “LOI”) with Axcelon Biopolymers Inc. (“Axcelon”), a corporation incorporated under the Business Corporation Act of Ontario, which outlines the general terms and conditions pursuant to which the Company and Axcelon would be willing to complete a transaction that will result in a reverse take-over of the Company by the shareholders of Axcelon (the “Transaction”). The proposed transaction is intended to constitute the Company’s Qualifying Transaction as such term is defined in the policies of the Exchange. The LOI was negotiated at arm’s length and is effective as of May 30, 2014.

The Company has not conducted commercial operations and it is focused on the identification and evaluation of businesses or assets to acquire. Until completion of the Qualifying Transaction (as such term is defined in Policy 2.4), the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a Qualifying Transaction. Except as described in the Company’s prospectus dated November 4, 2010 in connection with its Offering, funds raised pursuant to the issuance of shares will be utilized only for the identification and evaluation of potential Qualifying Transactions and, to the extent permitted by Policy 2.4, for general and administrative expenses. While the Company has commenced the process of identifying a potential transaction, it has not yet entered into a definitive agreement for any particular transaction.

The Company currently has two employees, Gerry Goldberg, Chief Executive Officer and Warren Goldberg, Chief Financial Officer. Neither officer is compensated by the Company.

SELECTED INTERIM INFORMATION

Summarized selected financial information with respect to the Company for the unaudited three and six month periods ended December 31, 2015 and 2014 is as follows:

		Three months ended December 31, 2015		Three months ended December 31, 2014		Six months ended December 31, 2015		Six months ended December 31, 2014
Total expenses	\$	(7,877)	\$	(11,422)	\$	(9,332)	\$	(32,069)
Net loss	\$	(7,877)	\$	(11,422)	\$	(9,332)	\$	(32,069)
Loss per share	\$	(0.001)	\$	(0.002)	\$	(0.001)	\$	(0.005)
Total assets	\$	366,352	\$	423,085	\$	366,352	\$	423,085
Total liabilities	\$	27,471	\$	19,690	\$	27,471	\$	19,690
Shareholders' equity	\$	338,881	\$	403,395	\$	338,881	\$	403,395

RESULTS OF OPERATIONS

Unaudited Three-months ended December 31, 2015 compared to 2014

The Company recorded a net loss of \$7,877 during the three-months ended December 31, 2015 compared to \$11,422 during the comparative period in the prior year. The reason for the decrease is as a result of fewer expenses incurred during the three month period ended December 31, 2015 in connection with Company's proposed Qualifying Transaction with Axcelon Biopolymers Inc.

During the three-month period ended December 31, 2015, the Company incurred professional fees of \$2,700 for due diligence in connection with the Company's proposed Qualifying Transaction with Axcelon Biopolymers Inc. The Company also incurred \$3,667 of filing fees representing participation fees and SEDAR charges in respect of the Company's annual continuous disclosure obligations and \$1,250 of maintenance fees representing NEX listing fees in respect of the Company's quarterly continuous disclosure obligations. General and administrative costs totalled \$260 consisting of printing costs.

During the three-month period ended December 31, 2014, the Company incurred consulting fees of \$10,000 for due diligence work in connection with the Company's proposed Qualifying Transaction with Axcelon Biopolymers Inc. The Company also incurred \$1,250 of maintenance fees representing NEX listing fees in respect of the Company's quarterly continuous disclosure obligations. General and administrative costs totalled \$172 consisting of courier and mailing costs.

Loss per share during the three-month period ended December 31, 2015 was \$(0.001) compared to a loss per share of \$(0.002) during the comparative period ended December 31, 2014.

Unaudited Six-months ended December 31, 2015 compared to 2014

The Company recorded a net loss of \$9,332 during the six-month period ended December 31, 2015 compared to \$32,069 during the comparative period in the prior year. The reason for the decrease is a result of less legal and consulting fees incurred in connection with the Company's proposed qualifying transaction with Axcelon Biopolymers Inc. during the three month period ended December 31, 2015 as compared to the comparative period in the prior year.

During the six-month period ended December 31, 2015, the Company incurred professional fees of \$2,700 for due diligence in connection with the Company's proposed Qualifying Transaction with Axcelon Biopolymers Inc. The Company also incurred \$3,872 of filing fees representing participation fees and SEDAR charges in respect of the Company's annual continuous disclosure obligations and \$2,500 of maintenance fees representing NEX listing fees in respect of the Company's quarterly continuous disclosure obligations. Office and general expenses totalled \$260 and consisted of printing costs associated with disseminating press releases in relation to the announcement of the Company's termination of its proposed qualifying transaction with Axcelon Biopolymers Inc.

During the six-month period ended December 31, 2014, the Company incurred legal fees of \$14,704 and consulting fees of \$10,000 in connection with the Company's proposed Qualifying Transaction with Axcelon Biopolymers Inc. The Company also incurred \$5,467 of filing fees representing NEX listing fees, TSX Venture Exchange listing fees, participation fees and SEDAR charges in respect of the Company's annual continuous disclosure obligations. Office and general expenses totalled \$1,898 and consisted of printing, mailing and courier costs associated with disseminating press releases in relation to the announcement of the Company's Letter of Intent with Axcelon Biopolymers Inc. in respect of the Company's proposed Qualifying Transaction.

Loss per share during the six-month period December 31, 2015 was \$(0.001) compared to a loss per share of \$(0.005) during the comparative period ended December 31, 2014.

SUMMARY OF QUARTERLY RESULTS

Note: The Company's fiscal year end is June 30. Fiscal 2016 and 2015 are comprised of the periods ending June 30, 2016 and 2015, respectively.

The following table presents selected financial data of the Company for its last eight quarters as reported in the particular period:

Quarter	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Fiscal Year	2016	2016	2015	2015	2015	2015	2014	2014
Net loss	(7,877)	(1,455)	(24,344)	(30,838)	(11,422)	(20,647)	(8,979)	(2,111)
Loss per share	(0.001)	(0.000)	(0.004)	(0.005)	(0.002)	(0.003)	(0.001)	(0.000)

LIQUIDITY

At December 31, 2015, the Company had \$364,203 in cash, \$1,250 recorded as other receivables and \$899 recorded as HST recoverable. On June 30, 2015, the Company had cash balances of \$407,665 and \$4,923 recorded as HST recoverable.

Total liabilities were \$27,471 at December 31, 2015, a decrease of \$36,904 from total liabilities of \$64,375 at June 30, 2015. The decrease is attributable to the payment of accrued legal fees incurred in respect of the Company's proposed Qualifying Transaction as well as for the payment of accrued audit fees and filing fees incurred in connection with the Company's annual filing and disclosure obligations during fiscal 2015.

Shareholders' equity decreased from \$348,213 on June 30, 2015 to \$338,881 on December 31, 2015. The decrease is attributable to the loss of \$9,332 incurred during the six-month period ended December 31, 2015.

At December 31, 2014, the Company had \$419,182 in cash and \$3,903 recorded as other receivables. On June 30, 2014, the Company had cash balances of \$461,854 and \$113 recorded as other receivables.

Total liabilities were \$19,690 at December 31, 2014, a decrease of \$6,813 from total liabilities of \$26,503 at June 30, 2014. The decrease is attributable to the payment of accrued legal fees incurred in respect of the Company's proposed Qualifying Transaction as well as for the payment of accrued audit fees and filing fees incurred in connection with the Company's annual filing and disclosure obligations during fiscal 2014.

Shareholders' equity decreased from \$435,464 on June 30, 2014 to \$403,395 on December 31, 2014. The decrease is attributable to the loss of \$32,069 incurred during the six-month period ended December 31, 2014.

CAPITAL RESOURCES

The Company financed its operations during the six month period ended December 31, 2015 from the remaining net cash proceeds received from the Company's Initial Public Offering (the "Offering").

Cash raised by the Company from the Offering are to be used by the Company to fund its activities relating to the identification and evaluation of potential Qualifying Transactions and, to the extent permitted by Policy 2.4, for general and administrative expenses. Until such time as the Company identifies a Qualifying Transaction, it is contemplated that the working capital requirements of the Company will relate generally to expenses associated with the Company's continuous disclosure obligations under applicable securities legislation, and costs incurred in identifying, evaluating and executing a potential qualifying transaction. The only material ongoing contractual obligations of the Company relate to the payment of transfer agency fees and legal and audit fees.

The Company believes it has sufficient capital resources to execute a qualifying transaction.

OFF-BALANCE-SHEET ARRANGEMENTS

The Company had no off-balance-sheet arrangements as of December 31, 2015.

RELATED-PARTY TRANSACTIONS

The Company had no significant related party transactions during the six-month period ended December 31, 2015.

SEGMENTED INFORMATION

The Company has a single reportable geographic segment – Canada – and all of the Company’s assets are located in Canada.

INVESTOR RELATIONS

During the three month period ended December 31, 2015, the Company’s directors handled the Company’s investor relations activities.

SHARE CAPITAL

As at December 31, 2015, the Company had authorized unlimited common shares without par value and had issued 7,240,500 common shares.

At the annual and special shareholders’ meeting held on April 26, 2013, shareholders of the Company passed a resolution to approve the application to list the Company’s common shares on the NEX board of the TSX Venture Exchange. Pursuant to TSXV Policy 2.4 – Capital Pool Companies, 50% of the seed shares purchased by non-arm’s length parties at a discount to the initial public offering price must be cancelled upon transfer of a capital pool company from the TSXV to NEX. Accordingly, 1,000,000 seed shares of the Company held by non-arm’s length parties were cancelled, effective as of May 16, 2013.

In addition, the Company has options outstanding to acquire a total of 774,050 common shares at a price of \$0.10 per common share. Such options expire on February 2, 2016. If all options were exercised, the number of common shares outstanding would be 8,014,550.

PROPOSED QUALIFYING TRANSACTION

On May 30, 2014 the Company entered into a signed Letter of Intent (the “LOI”) for the arm’s-length acquisition of 100% of the issued and outstanding shares of Axcelon Biopolymers Inc. (“Axcelon”), a corporation incorporated under the Business Corporation Act of Ontario, which outlines the general terms and conditions pursuant to which the Company and Axcelon would be willing to complete a transaction that will result in a reverse take-over of the Company by the shareholders of Axcelon (the “Transaction”). The proposed transaction was intended to constitute the Company’s Qualifying Transaction as such term

is defined in the policies of the Exchange. The LOI was negotiated at arm's length and is effective as of May 30, 2014.

The LOI was to be superseded by a definitive merger, amalgamation or share exchange agreement (the "Definitive Agreement"). The Transaction is subject to receipt of all the requisite regulatory approval, including the approval of the Exchange and standard closing conditions, including the approval of the shareholders and directors of each of the Company and Axcelon of the Definitive Agreement and completion of due diligence investigations to the satisfaction of each of the Company and Axcelon, as well as the conditions described below.

Prior to completion of the Transaction (and as conditions of closing):

- Axcelon must complete a private placement financing for minimum gross proceeds of not less than \$2,000,000 and up to \$6,000,000 (the "Axcelon Offering") to fund capital expenditures, research and development, and general working capital. The terms and conditions of such financing have not yet been determined and will be dependent on various factors, including market conditions.
- The parties will prepare a filing statement in accordance with the rules of the TSXV, outlining the terms of the Transaction.

The legal structure for the transaction will be confirmed after the parties have considered all applicable tax, securities law and accounting efficiencies, however, it is currently contemplated that the transaction will be structured as a securities exchange. The transaction will effectively provide for the acquisition of all of the outstanding equity interests of Axcelon by the Company pursuant to the terms of a Definitive Agreement in a transaction in which the shareholders of Axcelon will receive shares of Leo for each Axcelon share held. It is expected that each shareholder of Axcelon would receive in exchange for each Axcelon Share held (the "Exchange Ratio") that number of Leo Shares such that, immediately prior to giving effect to the conversion of Axcelon Loans and the Axcelon Offering, the current shareholders of Leo would hold no less than 10.8% of the common shares of the combined entity (the "Resulting Issuer") and the current shareholders of Axcelon would hold approximately 89.2% of the common shares of the Resulting Issuer, on a non-diluted basis, upon completion of the Transaction. All classes of Axcelon Shares will be exchanged for common shares of Leo in connection with the Transaction.

An aggregate of \$1,000,000 worth of Leo Shares will be held in escrow and released to the current holders of Axcelon Shares on the Resulting Issuer meeting certain financing and performance milestones. Immediately after the completion of the Transaction, (i) Axcelon would be a direct, wholly owned subsidiary of the Resulting Issuer, and (ii) the former Axcelon shareholders would collectively exercise control over the Resulting Issuer.

On November 30, 2015, the Company announced that the LOI with Axcelon dated May 30, 2014, as amended, has been terminated. The Company was advised by Axcelon that it is not able to complete the concurrent offering which is a condition to closing of the Transaction.

CRITICAL ACCOUNTING ESTIMATES

The Company's interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The critical accounting policies followed by the Company are as follows:

Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and form assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of these interim condensed financial statements include, among others, the recoverability of HST recoverable, the fair value of options issued, and the amount of accrued liabilities. Actual results may differ from those estimates.

Recent Accounting Pronouncements

(a) IFRS 9, Financial Instruments ("IFRS 9"), introduces new requirements for the classification and measurement of financial instruments as defined in IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The final version of IFRS 9 is effective for periods beginning on or after January 1, 2018, however early adoption is permitted. Management has assessed that there will be no significant impact due to the adoption of this accounting standard.

(b) IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), establishes principles for reporting information about the nature, amount, and timing and uncertainty of revenue and cash flows arising from a contract with a customer. This standard is effective for periods beginning on or after January 1, 2017, however early adoption is permitted. Management has assessed that there will be no significant impact due to the adoption of this accounting standard.

FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by the officers of the Company as discussed with the Board of Directors. The officers of the Company charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the expectations of the Board of Directors.

Fair values:

The carrying value of cash, HST recoverable and accounts payable and accrued liabilities approximate fair values due to the relatively short term maturities of these instruments.

At December 31, 2015, the Company's financial instruments that are carried at fair value, consisting of cash are classified as Level 1 within the fair value hierarchy. At the current time the Company does not have any financial instruments classified as Level 2 or Level 3.

Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. Officers of the Company are actively involved in the review and approval of planned expenditures.

As at December 31, 2015, the Company has accounts payable and accrued liabilities of \$27,471 (June 30, 2015 - \$64,375) due within twelve months and has cash of \$364,203 (June 30, 2015 - \$407,665) to meet its current obligations. As a result, the Company has minimal liquidity risk.

Credit risk:

The Company's exposure to credit risk arises from the possibility that its debtors may fail to meet their obligations. Cash is held in trust by the Company's lawyers. The Company manages the credit exposure related to cash by making sure that the lawyers maintain bank accounts with Schedule I banks in Canada. The carrying amount of cash and HST recoverable represent the maximum credit exposure.

MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company includes equity, comprised of issued share capital, share option reserves and accumulated deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4. Approximately \$305,000 of the Company's cash as of December 31, 2015 is restricted for this use.

OUTLOOK

The Company's primary focus for the foreseeable future will be to actively identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction. The Company believes that it has sufficient cash and capital resources to accomplish its goal.

OTHER INFORMATION

Additional information on the Company is available on SEDAR at www.sedar.com.