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# HELIO RESOURCE CORP.

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(An Exploration Stage Company)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the nine month periods ended December 31, 2017 and 2016**

**Expressed in Canadian dollars**

*Notice to Reader: As required by National Instrument 51-102 subsection 4.3(3)(a), readers are advised that an auditor has not performed a review of these condensed interim consolidated financial statements.*

# Helio Resource Corp.

(An Exploration Stage Company)

## Condensed Interim Consolidated Statements of Financial Position

Canadian Dollars

Unaudited - Prepared by Management

<b>ASSETS</b>	December 31, 2017	March 31, 2017
<b>Current assets</b>		
Cash	\$ 468,457	\$ 312,324
Receivables and prepaids (Note 4)	66,533	103,389
Marketable securities (Note 5)	30,000	910,892
	<u>564,990</u>	<u>1,326,605</u>
<b>Non-current assets</b>		
Security deposits	-	32,964
Property and equipment (Note 6)	2,587	4,288
Mineral property acquisition costs (Note 7)	1,603,317	1,603,317
	<u>\$ 2,170,894</u>	<u>\$ 2,967,174</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 90,109	\$ 43,523
Accrued liabilities	299,996	352,407
Due to related parties (Note 11)	85,224	61,579
	<u>475,329</u>	<u>457,509</u>
<b>EQUITY</b>		
Share capital (Note 9)	45,805,187	45,805,187
Contributed surplus	11,747,472	11,747,472
Accumulated other comprehensive income	409,892	404,892
Deficit	(56,266,986)	(55,447,886)
	<u>1,695,565</u>	<u>2,509,665</u>
	<u>\$ 2,170,894</u>	<u>\$ 2,967,174</u>

Going Concern (Note 2)

Commitments (Note 12)

ON BEHALF OF THE BOARD OF DIRECTORS:

signed "Richard Williams"

Director

signed "Stephen Leahy"

Director

- See accompanying notes -

# Helio Resource Corp.

(An Exploration Stage Company)

## Condensed Interim Consolidated Statements of Comprehensive Loss

Canadian Dollars

Unaudited - Prepared by Management

	For the three months ended December 31,		For the nine months ended December 31,	
	2017	2016	2017	2016
<b>Expenses</b>				
Amortization (Note 6)	\$ 482	\$ 2,360	\$ 1,701	\$ 10,497
Exploration costs (Note 8)	62,891	365,333	367,864	869,811
Filing and transfer agent fees	5,697	1,217	12,644	15,636
Professional fees (Note 11.a)	32,191	14,829	232,219	55,960
Marketing	(350)	3,362	5,603	6,042
Office and miscellaneous	18,955	16,223	28,519	41,210
Salaries, dir. fees & consulting (Note 11.b)	35,980	43,759	141,899	205,928
Travel	2,286	406	2,871	566
	(158,132)	(447,489)	(793,320)	(1,205,650)
<b>Other income / (loss):</b>				
Interest income	41	1,359	151	3,402
Foreign exchange gain / (loss)	(9,547)	40,179	(5,600)	(13,952)
Provision for VAT receivable	-	(1,287)	(20,331)	(10,630)
Gain on sale of Damara Gold Proj. (Notes 5 & 7.e)	-	-	-	965,262
Gain on debt settlement (Note 11)	-	233,080	-	233,080
	(9,506)	273,331	(25,780)	1,177,162
<b>Net loss for the period</b>	<b>\$ (167,638)</b>	<b>\$ (174,158)</b>	<b>\$ (819,100)</b>	<b>\$ (28,488)</b>
<b>Other comprehensive loss items:</b>				
Gain (Loss) on revaluation of marketable securities (Note 5)	(40,000)	-	5,000	-
<b>Comprehensive loss for the period</b>	<b>\$ (207,638)</b>	<b>\$ (174,158)</b>	<b>\$ (814,100)</b>	<b>\$ (28,488)</b>
<b>Loss per share - basic and diluted</b>	<b>\$ (0.016)</b>	<b>\$ (0.017)</b>	<b>\$ (0.078)</b>	<b>\$ (0.003)</b>
<b>Weighted average number of common shares outstanding:</b>				
	10,449,318	10,281,469	10,449,318	9,983,035

- See accompanying notes -

# Helio Resource Corp.

(An Exploration Stage Company)

## Condensed Interim Consolidated Statements of Changes in Equity

Canadian Dollars

Unaudited - Prepared by Management

	Number of Common Shares	Share Capital (Note 9)	Contributed Surplus	Accumulated Other Comprehensive Income / (Loss)	Deficit	Total
March 31, 2016	9,523,158	\$ 44,666,846	\$ 11,961,193	\$ (25,000)	\$ (55,265,851)	\$ 1,337,188
Warrants exercised	460,000	575,000	-	-	-	575,000
Shares issued to settle debt	466,160	349,620	-	-	-	349,620
Fair value transfer on exercise of warrants	-	213,721	(213,721)	-	-	-
Loss for the period	-	-	-	-	(28,488)	(28,488)
December 31, 2016	10,449,318	45,805,187	11,747,472	(25,000)	(55,294,339)	2,233,320
March 31, 2017	10,449,318	\$ 45,805,187	\$ 11,747,472	\$ 404,892	\$ (55,447,886)	\$ 2,509,665
Other comprehensive income	-	-	-	5,000	-	5,000
Loss for the period	-	-	-	-	(819,100)	(819,100)
December 31, 2017	10,449,318	\$ 45,805,187	\$ 11,747,472	\$ 409,892	\$ (56,266,986)	\$ 1,695,565

- See accompanying notes -

# Helio Resource Corp.

(An Exploration Stage Company)

## Condensed Interim Consolidated Statements of Cash Flows

Canadian Dollars

Unaudited - Prepared by Management

	For the three months ended December 31,		For the nine months ended December 31,	
	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
Net income (loss) for the period:	\$ (167,638)	\$ (174,158)	\$ (819,100)	\$ (28,488)
Non-operating interest income	(41)	(1,359)	(151)	(3,402)
Items not affecting cash:				
Amortization	482	2,360	1,701	10,497
Provision for VAT receivable	-	1,287	20,331	10,630
Gain on sale of Damara project	-	-	-	(965,262)
Changes in non-cash working capital:				
Receivables and prepaids	75,086	6,482	36,856	10,216
Accounts payable and accrued liabilities	(60,758)	(768,251)	(5,825)	(623,412)
Changes in non-current operating assets:				
VAT receivable	-	(1,287)	(20,331)	(10,630)
Cash used in operating activities	(152,869)	(934,926)	(762,874)	(1,599,851)
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	-	-	-	(364)
Sale of property and equipment	-	9,901	-	519,163
Redemption of short-term deposits	-	-	-	-
Interest received	41	37,320	151	39,358
Security deposits	1,967	-	32,964	-
Mineral property acquisition costs	-	-	-	-
Proceeds from sale of marketable securities	-	-	885,892	-
Cash provided by investing activities	2,008	47,221	919,007	558,157
<b>Cash flows from financing activities</b>				
Proceeds from the exercise of warrants	-	349,620	-	924,620
Cash provided by financing activities	-	349,620	-	924,620
<b>Net change in cash</b>	(150,861)	(538,085)	156,133	(117,074)
<b>Cash - beginning of period</b>	534,094	1,149,034	312,324	728,023
<b>Cash - end of period</b>	\$ 383,233	\$ 610,949	\$ 468,457	\$ 610,949
<b>Cash is composed of:</b>				
Cash	\$ 22,691	\$ 8,180	\$ 22,691	\$ 8,180
Deposits held by financial institution	445,766	602,769	445,766	602,769
	\$ 468,457	\$ 610,949	\$ 468,457	\$ 610,949

- See accompanying notes -

# Helio Resource Corp.

(An Exploration Stage Company)

## Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2017

Expressed in Canadian dollars

Unaudited – Prepared by Management

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### 1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Helio Resource Corp. (the “Company” or “Helio”) was incorporated on November 8, 1998 under the Business Corporations Act of British Columbia. The Company is listed for trading on the TSX Venture Exchange as a Tier 2 mining issuer under the symbol “HRC-V”. The Company’s head and registered office is located at Suite 580 - 625 Howe Street, Vancouver, British Columbia, Canada. The Company is principally engaged in the exploration and development of the Saza Makongolosi Project (“SMP”) in Tanzania. During the period ended December 31, 2017, the Company was subject to an offer to acquire 100% of its issued and outstanding shares (Note 9). This offer was purportedly rescinded by the offeror on August 18, 2017.

### 2. GOING CONCERN

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business as they come due. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material as realizable values may be substantially different from carrying values disclosed in the financial statements.

The Company holds interests in mineral properties in Tanzania and is focused on the exploration and development of these properties. The Company has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. As at December 31, 2017, the Company has no source of revenue, has a deficit of \$56,266,986 and expects to incur further losses in the exploration and development of its mineral properties which will require additional financing from external sources. All of these factors cast significant doubt upon the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon the ability of the Company to continue to obtain the necessary financing to complete the exploration and development of its mineral property interests, or upon proceeds from the disposition of its mineral property interests and ultimately upon the discovery of economically recoverable mineral reserves. Although the Company has been successful in obtaining financing in the past, and has raised cash by selling marketable securities during the period ended December 31, 2017 (Note 5), there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company.

### 3. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, as issued by the International Accounting Standards Board, including International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*, effective for the period ending December 31, 2017, as issued and outstanding as at March 1, 2018, the date the Board of Directors approved these financial statements. These condensed interim consolidated financial statements should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended March 31, 2017.

# Helio Resource Corp.

*(An Exploration Stage Company)*

## Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2017

*Expressed in Canadian dollars*

*Unaudited – Prepared by Management*

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### 3. BASIS OF PRESENTATION (continued)

#### a) Basis of presentation

These consolidated financial statements include the accounts of Helio Resource Corp. and its wholly owned subsidiaries, BAFEX Holdings Ltd., and BAFEX Tanzania Limited. All intercompany balances, transactions, and gains and losses from intercompany transactions have been eliminated on consolidation.

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

#### b) Basis of measurement

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 of the audited annual consolidated financial statements for the year ended March 31, 2017.

#### c) Significant Accounting Policies

The accounting policies and methods of computation followed in preparing these condensed interim consolidated financial statements are consistent with interpretations by the International Financial Reporting Interpretations Committee ("IFRIC"), and are substantially the same as those followed in preparing the most recent audited annual consolidated financial statements. Changes to accounting policies adopted on April 1, 2017 as a result of changes to standards resulted in no material impact to the financial statements. For a summary of significant accounting policies, changes to accounting standards adopted at April 1, 2017, and expected changes to accounting standards that have been announced but are not yet effective, please refer to the Company's audited annual consolidated financial statements for the year ended March 31, 2017.

# Helio Resource Corp.

(An Exploration Stage Company)

## Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2017

Expressed in Canadian dollars

Unaudited – Prepared by Management

### 4. RECEIVABLES AND PREPAIDS

#### a) Receivables and prepaids

	December 31, 2017	March 31, 2017
Prepaid expenses	\$ 41,677	\$ 31,552
Receivables	-	65,413
Sales tax receivable - Canada	24,856	6,424
	<u>\$ 66,533</u>	<u>\$ 103,389</u>

Sales tax receivable are sales taxes that are expected to be recoverable from the government in within the next year.

The Company is owed sales tax refunds from the government of Tanzania, but the Company has experienced significant delays in receiving payment. In addition, there have been discussions with the tax authority in Tanzania pertaining to the refundability of VAT amounts that the Company is claiming. As a result, a cumulative provision of \$206,000 (March 31, 2017 - \$309,000) is offsetting the underlying amount of the receivable in recognition of the credit risk, as well as the anticipated costs of collection. The Canadian dollar equivalent of the VAT receivable and the collectability provision are both eroding as the Tanzanian Shilling declines in value. While collection of some of this amount is possible, there also exists the potential for one or more tax assessments to be raised that could exceed the amount that has been provided.

### 5. MARKETABLE SECURITIES

As part of the mineral property option agreement with Damara Gold Corp. ("Damara"), the Company received 500,000 shares of Damara in two tranches, 250,000 on July 9, 2015 and 250,000 on July 26, 2014. The total initial fair value on receipt of the shares was \$50,000. This agreement is further described in Note 7.e).

In addition, the Company received two tranches of 17,717,857 shares each of Osino Resources Corp. ("Osino"), a private corporation, as part of the transaction whereby Helio, Damara and Osino Resources Corp. agreed to merge their respective interests in Namibia. The Company assigned one of the tranches of shares to a third party on closing the transaction in exchange for cash proceeds of \$456,000. The Company assigned the second tranche of shares to a series of third parties on May 5, 2017 in exchange for cash proceeds of \$ 885,892.

Company name	# of shares	Fair value at December 31, 2017	Fair value at March 31, 2017
Damara Gold Corp.	500,000	\$30,000	\$25,000
Osino Resources Corp.	Nil / 17,717,857	--	885,892
		<u>\$30,000</u>	<u>\$910,892</u>



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## Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2017

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Unaudited – Prepared by Management

### 6. PROPERTY AND EQUIPMENT

	Field equipment	Office equipment	Leasehold improvements	Motor vehicle	Total
<b>2017</b>					
Net book value					
At March 31, 2017	\$ 1,762	\$ 2,526	\$ --	\$ --	\$ 4,288
Amortization	(716)	(985)	--	--	(1,701)
At Dec. 31, 2017	\$ 1,046	\$ 1,541	\$ --	\$ --	\$ 2,587
Consisting of					
Cost	\$ 91,798	\$ 123,073	\$ 81,062	\$ 205,323	\$ 501,256
Accumulated amortization	(90,752)	(121,532)	(81,062)	(205,323)	(498,669)
At Dec. 31, 2017	\$ 1,046	\$ 1,541	\$ --	\$ --	\$ 2,587
<b>2016</b>					
Net book value					
At March 31, 2016	\$ 1,762	\$ 2,526	\$ --	\$ --	\$ 4,288
Amortization	(237)	(369)	--	--	(606)
At March 31, 2017	\$ 1,525	\$ 2,157	\$ --	\$ --	\$ 3,682
Consisting of					
Cost	\$ 91,798	\$ 123,073	\$ 81,062	\$ 205,323	\$ 501,256
Accumulated amortization	(90,273)	(120,916)	(81,062)	(205,323)	(497,579)
At March 31, 2017	\$ 1,525	\$ 2,157	\$ --	\$ --	\$ 3,682

In conjunction with the sale of the DGP to Osino (Note 7.e), Helio disposed of fully depreciated equipment in Namibia with cost and accumulated amortization of \$189,430.

### 7. MINERAL PROPERTY ACQUISITION COSTS

	Saza	Saza West	Makongolosi	Namibia <sup>1</sup>	Total
March 31, 2017 and December 31, 2017	\$ 396,818	\$ 291,500	\$ 914,999	\$ --	\$ 1,603,317

<sup>1</sup> - Namibian mineral properties were obtained by prospecting or earn-in without any capitalised cash or share payments, and were sold during the year ended March 31, 2017.

The SMP gold project consists of the areas described in the following sections a) b) c) & d):

#### a) Saza Licence, Tanzania

The Company has earned a 100% interest in the Saza licence within the Lupa Goldfields in southwest Tanzania, subject to a 2% Net Smelter Royalty which can be reduced to 1% by paying Thorn Tree Minerals Limited ("Thorn Tree"), a private Tanzanian mining company, \$1,000,000 in cash prior to commencement of commercial production. In order to vest the interest, over 4 years the Company spent over \$2,000,000 on exploration and made cash and share payments totalling \$396,818 to Thorn Tree.

# Helio Resource Corp.

(An Exploration Stage Company)

## Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2017

Expressed in Canadian dollars

Unaudited – Prepared by Management

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### 7. MINERAL PROPERTY ACQUISITION COSTS (CONTINUED)

b) Saza West, Tanzania

On January 1, 2009, the Company signed an option agreement with Thorn Tree through which the Company has earned a 100% interest in the Saza West licence within the Lupa Goldfields in southwest Tanzania. The interest is subject to a 2% Net Smelter Royalty which can be reduced to 1% by paying Thorn Tree \$1,000,000 in cash prior to commencement of commercial production.

In order to vest its 100% interest, during the four year earn-in period the Company issued 1,025,000 common shares at a fair value of \$266,500 and made a cash payment of \$25,000 to Thorn Tree.

c) Ilunga, Gap and Kwaheri (known as the Makongolosi projects), Tanzania

On January 9, 2007, the Company signed an option agreement with Dhahabu Resources and Mining Co. Ltd (“Dhahabu”), a private Tanzanian mining company, through which the Company has earned a 100% interest in three contiguous Prospecting Licences known as Ilunga, Gap and Kwaheri that are within the Lupa Goldfields in southwest Tanzania. The interest is subject to a 2% Net Smelter Royalty which can be reduced to 1% by paying Dhahabu \$1,000,000 in cash (per licence) prior to commencement of commercial production.

In order to earn 100% interests in the licences, over an earn-in period of four years, the Company spent over \$3,000,000 on exploration, issued 150,000 common shares in fiscal 2007 at a fair value of \$120,000, and made cash/share payments with a total fair value of \$914,999 to Dhahabu.

d) Other, Tanzania

The Company holds other licences in Tanzania which form part of the SMP and are adjacent to those listed above. These licences were acquired directly, with minimal acquisition costs.

e) Namibia

On March 27, 2014, the Company signed a Letter of Intent (the “LOI”) with Damara Gold Corp. (“Damara”, formerly Solomon Resources Limited) whereby Damara could earn up to a 60% interest in Helio’s Damara Gold and Tin Project (“DGP”) in Namibia. By issuing 1,500,000 shares (500,000 received at March 31, 2017) and by spending \$1,500,000 on exploration over 3 years, Damara could have earned an initial 51% interest in the DGP.

On February 18, 2016, Helio announced that both Helio and Damara agreed to transfer their respective interests in the DGP into Osino Resources Corp. (“Osino”), a privately held corporation. In order to effect this transaction, Damara and Helio agreed to cancel the earn in agreement established under the March 27, 2014 LOI. In exchange for transferring its interest into Osino, Helio received total proceeds of \$125,000 in cash and 35,435,714 shares of Osino (Note 5) with an initial fair value of \$912,000. After deducting costs of \$33,512, the transaction resulted in a net gain on sale of \$1,003,488. At closing of the transfer, Helio agreed to assign 50% of its interest in Osino to a third party in exchange for a cash payment of \$456,000. The transfer and assignment transactions closed on May 31, 2016. The Company sold its remaining Osino shares to a series of third parties on May 5, 2017 in exchange for cash proceeds of \$885,892.

# Helio Resource Corp.

(An Exploration Stage Company)

## Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2017

Expressed in Canadian dollars

Unaudited – Prepared by Management

### 8. EXPLORATION COSTS

Plinian Capital LLP (“Plinian”) is now the operator of the SMP Gold project, under the terms of the operating agreement, which was signed in conjunction with Plinian’s investment in the Company’s financing in May 2013. The operating agreement calls for fees of \$75,000 USD per quarter which were initiated on July 1, 2014. This fee was reduced to \$37,500 USD per quarter starting in July, 2016, and was placed on hold, effective October 1, 2017.

Nine months ended December 31, 2017	Tanzania		Namibia	Total
	Saza and Saza West	Makongolosi		
Field expenses and consumables	\$ 1,032	\$ 4,675	\$ --	\$ 5,707
Geological consulting	17,742	40,391	--	58,133
Licence and permits	36,939	94,184	--	131,123
Operator fees	15,356	34,551	--	49,907
Salaries and wages	13,763	36,748	--	50,511
Transportation and Travel	3,036	8,106	--	11,142
Exploration office expenses	17,882	43,459	--	61,341
Total costs for the nine months ended December 31, 2017:	\$ 105,750	\$ 262,114	\$ --	\$ 367,864

Nine months ended December 31, 2016	Tanzania		Namibia	Total
	Saza	Makongolosi		
Field expenses and consumables	\$ 1,065	\$ 2,815	\$ --	\$ 3,880
Geological consulting	16,817	37,837	845	55,499
Licence and permits	38,415	111,181	6,569	156,165
Metallurgical testing	29,466	14,733	--	44,199
Operator fee	59,960	134,910	--	194,870
Salaries and wages	79,205	227,124	49,918	356,247
Exploration office expenses	15,987	41,657	1,307	58,951
Total Costs for the Nine months ended December 31, 2016:	\$ 240,915	\$ 570,257	\$ 58,639	\$ 869,811

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## Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2017

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### 9. SHARE CAPITAL

- a) Authorized share capital: Unlimited common shares without par value

Effective February 8, 2018, the Company completed a share consolidation on the basis of twenty-five (25) pre-consolidation common shares for one (1) post-consolidation common share. All periods presented have been retrospectively adjusted to reflect this consolidation.

In June 2016, 460,000 warrants were exercised at \$1.25 for proceeds to the Company of \$575,000.

In October 2016, 82,160 shares were issued to management and directors to settle an aggregate amount of \$102,700 owed to them for deferred fees and salaries. In addition, in November 2016, a further 384,000 shares were issued to Plinian, to settle an amount of \$480,000 owing to them. In both instances, the shares were issued at an agreed value of \$1.25, but had a fair value of \$0.75. As a result of the fair value being lower than the agreed value, Helio realized a gain on debt settlement of \$233,080.

On June 19, 2017, the Company announced that it had entered into a definitive arrangement agreement with Shanta Gold Limited ("Shanta") pursuant to which Shanta was to acquire all of the issued and outstanding common shares of Helio by way of a statutory plan of arrangement (the "Plan of Arrangement"). The Agreement was to be subject to shareholder and B.C. Supreme Court approval. The arrangement agreement specifies the terms of a conditional, all-share transaction under which Shanta would acquire 100% of all issued and outstanding Helio shares in exchange for 59.5 million Shanta shares. If approved, Helio shareholders would have received 5.69415 Shanta shares for each Helio share. This offer was purportedly rescinded by the offeror on August 18, 2017. Helio has rejected Shanta's attempt to terminate the arrangement agreement, and is considering the options available to the Company that will best protect the interests of its shareholders.

- b) Share-based payments

The Company has established a share purchase option plan whereby the Board of Directors may grant options to directors, officers, employees or consultants. The goal of this plan is to more closely align the interests of option-holders with the interests of shareholders.

The Company has been authorized by its shareholders to grant stock options numbering up to ten percent (10%) of the number of common shares issued and outstanding. Options granted are subject to a maximum term of ten years from the date of grant. The exercise price of an option must be determined in accordance with the share purchase option plan. Options vest after one year unless determined otherwise by the Board of Directors.

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## Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2017

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### 9. SHARE CAPITAL (CONTINUED)

#### b) Share-based payments (continued)

Details of stock option activity are as follows:

	Number of Options	Weighted Average exercise price
Outstanding, March 31, 2016	348,000	\$ 4.00
Cancelled	(76,000)	\$ 3.00
Expired	(52,000)	\$11.25
Outstanding, March 31, 2017	220,000	\$ 2.75
Expired	(48,000)	\$ 6.25
Outstanding, September 30, 2017	172,000	\$ 1.75

No options were granted nor exercised during the year ended March 31, 2017 or nine months ended December 31, 2017.

The following table summarizes information about stock options outstanding to directors, officers, employees and consultants as at December 31, 2017:

Grant date	Expiry date	Exercise price	Number of options outstanding	Remaining contractual life (years)	Number of options exercisable
Oct. 1, 2014	Oct. 1, 2019	\$1.75	172,000	1.75	172,000

#### c) Share Purchase Warrants

Details of share purchase warrant activity is as follows:

	Number of warrants	Weighted average exercise price
As at March 31, 2016	849,520	\$1.25 <sup>†</sup>
Exercised	(460,000)	\$1.25
Expired	(389,520)	\$1.25
As at March 31, 2017 and December 31, 2017	Nil	--

<sup>†</sup> - All remaining non-broker warrants were repriced to \$1.25 in June 2015

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## Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2017

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### 10. SEGMENTED INFORMATION

The Company has two operating segments, which are mineral exploration and development in Tanzania and Namibia. Neither segment generates revenue. Resources are allocated to projects. As the projects are in different countries, this equates to allocating resources by geographical area.

Total assets by geographical area:

	December 31, 2017		March 31, 2017	
Canada	\$	487,564	\$	1,269,352
Tanzania		1,683,330		1,697,822
	\$	2,170,894	\$	2,967,174

Cash amounting to \$419,137 (March 31, 2017 - \$240,114) was held in Canada, with lesser amounts being held in Namibia and Tanzania.

Capital assets, including mineral properties, by geographic area:

	December 31, 2017		March 31, 2017	
Canada	\$	624	\$	1,108
Tanzania		1,605,280		1,606,497
	\$	1,605,904	\$	1,607,605

Net income (loss) by geographic area:

	Nine months ended December 31, 2017		Nine months ended December 31, 2016	
Canada	\$	(410,214)	\$	(91,170)
Namibia		-		930,512*
Tanzania		(408,886)		(867,830)
	\$	(819,100)	\$	(28,488)

\*The income is in relation to the sale of the Company's interests in the Damara Gold Project to Osino Resources further described in Note 7e).

Exploration expenses by geographic area:

	Nine months ended December 31, 2017		Nine months ended December 31, 2016	
Canada	\$	--	\$	--
Namibia		--		58,639
Tanzania		367,864		811,172
	\$	367,864	\$	869,811

# Helio Resource Corp.

(An Exploration Stage Company)

## Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2017

Expressed in Canadian dollars

Unaudited – Prepared by Management

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### 11. RELATED PARTY TRANSACTIONS

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. Except where specifically noted, amounts due to related parties are shown as a separate category on the statement of financial position.

#### a) Legal services

During the period, the Company received legal services of approximately \$104,000 (2016 – \$39,000) from a law firm, in which the Corporate Secretary of the Company is a partner. \$85,224 was payable at December 31, 2017 in relation to these amounts (March 31, 2017 - \$nil).

#### b) Key management personnel

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management includes the Company's directors and members of the senior management group. Details of key management personnel compensation is as follows:

	December 31, 2017	December 31, 2016
Salaries and short-term employee benefits, including amounts recorded as exploration costs	\$ 108,000	\$ 314,900
Downsizing cost	--	192,800
Directors' fees	18,000	17,000
Operator fees	49,913	194,900
	<u>\$ 175,913</u>	<u>\$ 719,600</u>

Apart from legal services, \$nil was payable to related parties at December 31, 2017 (December 31, 2016 - \$22,000).

# Helio Resource Corp.

*(An Exploration Stage Company)*

## Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2017

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### 12. COMMITMENTS

The Company has no exploration commitments, nor cash payments remaining to maintain its mineral property option agreements, and is subject only to the fees and expenditure requirements required by the government of Tanzania.

The Company previously had an office-lease which was assigned to another company, effective July 1, 2017.

### 13. SUBSEQUENT EVENTS

Effective February 8, 2018, the Company completed a share consolidation on the basis of twenty-five (25) pre-consolidation common shares for one (1) post-consolidation common share. All securities amounts presented in these condensed interim consolidated financial statements have been retrospectively adjusted to reflect this consolidation.