HELIO RESOURCE CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six month period ended September 30, 2017

INTRODUCTION

This MD&A was prepared by management as at November 29, 2017, and has been reviewed and approved by the Board of Directors. The following discussion of performance, financial condition and future prospects should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements of Helio Resource Corp. ("Helio" or the "Company") and the related notes for the quarter ended September 30, 2017, as well as the March 31, 2017 audited consolidated financial statements and notes, prepared in accordance with International Financial Reporting Standards ("IFRS"). The information provided herein supplements, but does not form part of the financial statements. This discussion covers the quarter ended September 30, 2017 and the subsequent period up to the date of issue of this MD&A. Monetary amounts in the following discussion are in Canadian dollars unless otherwise noted.

Additional information, including annual audited consolidated financial statements and more detail on specific mineral properties discussed in this MD&A can be found on the Company's page at www.sedar.com or on its website, http://www.helioresource.com/.

This MD&A contains Forward-Looking Information.
Please read the Cautionary Statements on page 3 carefully.

FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking information and forward-looking statements as defined in applicable securities laws. All statements other than historical fact are forward-looking statements.

The statements reflect the current beliefs of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors which could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed in or implied by the forward-looking statements. This forward-looking information, principally under the heading “Outlook,” but also elsewhere in this document, includes estimates, forecasts, plans and statements as to the Company’s current expectations concerning, among other things, continuance as a going concern, collection of receivables, the estimation of mineral resources, stability of various governments, continuation of rights to explore and mine, anticipated conclusions of economic assessments of projects, requirements for additional capital, the availability of financing, and the future development and costs and outcomes of the Company’s Tanzanian exploration project.

Forward-looking statements are based on a number of assumptions, including, but not limited to, ability to access sufficient funds to carry on operations, the outcome of an offer to acquire all of the outstanding shares of the Company, conditions in financial markets, assumptions regarding general business and economic conditions, interest rates, the global and local supply and demand for labour and other project inputs, changes in commodity prices in general (in particular, the price of gold), the timing of the receipt of regulatory and governmental approvals for our exploration projects, the economic or political climate in Tanzania and globally, changes to legislation, our ability to attract and retain skilled staff, our ability to procure equipment and operating supplies, the receipt of positive results from our exploration project in Tanzania, our ability to obtain exploration licenses and license renewals for our operations, and our ongoing relations with governments, our employees and business partners. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to vary materially.

Factors that may cause actual results to vary include, but are not limited to: actual exploration results, actual experience in collecting receivables, changes in interest and currency exchange rates, acts of governments and the people they represent including changes to laws, regulations or attitudes, particularly towards mining, delays in the receipt of government approvals, inaccurate geological and engineering assumptions, unanticipated future operational difficulties (including cost escalation, unavailability of materials and equipment, industrial disturbances or other job action, and unanticipated events related to health, safety and environmental matters), political risk (including the risk that the rights to mine the properties explored in Tanzania may be rescinded by the governments or otherwise lost), social unrest, failure of counterparties to perform their contractual obligations, the outcome of legal challenges, changes in general economic conditions or conditions in the financial markets and other risk factors as detailed from time to time in the Company’s reports and public filings with the Canadian securities administrators, filed on SEDAR. The Company does not assume the obligation to revise or update forward-looking information after the date of this document nor to make revisions to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws.

BUSINESS OF THE COMPANY

The principal business of the Company is the exploration and development of the Saza Makongolosi gold project ("SMP") in Tanzania. The Company is involved in all aspects of operations in this jurisdiction. During the period ended September 30, 2017, the Company was subject to an offer to acquire 100% of its issued and outstanding shares. This offer was purportedly rescinded by the offeror on August 18, 2017. Further details of the offer are provided below, and in note 9 to the unaudited condensed interim consolidated financial statements for the six months ended September 30, 2017.

The Company is a reporting issuer in British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol HRC.

OUTLOOK

The Company completed Q2 2018 with cash and short-term deposits of $534,094.

On June 19, 2017, Helio announced that it had entered into a definitive arrangement agreement (the "Arrangement Agreement") which would result in Shanta Gold Limited ("Shanta") acquiring all of Helio's common shares, subject to a number of conditions, including shareholder and BC Supreme Court approval.

The Arrangement Agreement is a conditional, all-share transaction under which Shanta has offered to acquire 100% of all issued and outstanding Helio shares in exchange for 59.5 million Shanta shares. If the Arrangement Agreement is consummated, shareholders of the Company will receive 0.227766 of a Shanta share for each share of the Company. At the time of announcement, Shanta had 583,152,701 shares issued and outstanding. According to Shanta's website, as at June 23, 2017, Shanta had 765,805,808 shares outstanding. Post-closing, and subject to no further shares being issued by Shanta, Helio shareholders would hold 59.5 million shares out of a total of 825,305,808 Shanta shares, representing 7.20% of the issued capital of Shanta.

On August 18, 2017, Helio announced that it had received notice from Shanta Gold that Shanta wished to terminate the arrangement agreement previously announced. Shanta cited the impact of changes to the Mining Law introduced by the President of Tanzania on July 10, 2017 as the primary basis for termination. 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.

The broad investment climate for gold-exploration and development companies has generally continued to improve over the past year, with the gold price rising 12% since December 31, 2016 to approximately US$1,283 per ounce at September 30, 2017, and several M&A deals and financings being completed.

However, in June of 2017, swiftly implemented changes to Tanzanian mining laws , have had a strongly negative effect on investor sentiment towards Tanzania. These changes include a 50% increase on royalty rates (to 6%), the addition of an additional 1%

handling fee, the taking of a 16% free carried interest by the government, potential cessation of the reimbursement of VAT to certain mining companies, the banning of international arbitration and other substantial modifications to the licensing regime. Further, the new laws repeal the section governing Retention Licences. The Company is awaiting confirmation that pre-existing Retention Licences will be "grandfathered", in which case the Company would need to convert its four Retention Licences to Mining Licences by September, 2019. It will take some time for investors and exploration / mining companies to fully digest the various impacts of these changes.

The current objectives of the Company are to:

1. Continue to minimize outward cash-flow, particularly in relation to overhead and corporate costs.

2. With Shanta's announcement on August 18, 2017 that they wish to terminate the Arrangement Agreement, Helio is considering the options available to the Company that will best protect the interests of its shareholders.

Additional funds will be required to meet the Company's contractual obligations to March 31, 2018. The Company's ability to continue as a going concern is dependent upon a number of factors – principally on the Company's ability to create positive cash-flow in the short term.

HIGHLIGHTS FOR THE QUARTER ENDED SEPTEMBER 30, 2017

SMP Gold Project, Tanzania

As discussed in the Outlook section above, the Company has entered into an Arrangement Agreement, pursuant to which Shanta has agreed to purchase 100% of Helio, subject to a number of conditions, including the approval of shareholders and the BC Supreme Court, which Shanta has now attempted to terminate.

DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

At present, the Company has no mineral-producing properties and therefore has no revenue from any mineral properties.

Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of the Company and is derived from unaudited quarterly consolidated financial statements prepared by management. The Company's condensed interim consolidated financial statements are prepared in accordance with IFRS applicable to interim financial statements and are expressed in Canadian dollars.

Quarter ended:	Income (Loss) from Operations and Net Loss	Comprehensive Income / (Loss)	Basic and Diluted Loss per Share from Operations and Net Loss per Share
September 30, 2017	$ (456,497)	$(411,497)	$(0.00)
June 30, 2017	(194,965)	(194,965)	(0.00)
March 31, 2017	(153,547)	296,345	(0.00)
December 31, 2016	(174,158)	(174,158)	(0.00)
September 30, 2016	(445,685)	(440,685)	(0.00)
June 30, 2016	591,355	586,355	0.00
March 31, 2016	(608,823)	(608,823)	(0.01)
December 31, 2015	(366,364)	(373,864)	(0.00)

The variation in the Company's quarterly net loss over the past eight quarters is partly due to the variation in exploration activity on the Company's properties, which varies with the forecasted availability of funds, with additional fluctuations due to gains recorded on closing of transactions. Over the past eight quarters, the Company has maintained a focus on progressively reducing costs and preserving capital, which is apparent from the general decrease in quarterly net loss until the prior quarter. As part of this strategy, restructuring costs were incurred in the quarter ended September 30, 2016 which pushed the net loss higher than the average in that quarter, but permitted reductions in subsequent quarters. Costs in the current quarter were higher due the annual renewal of the mining retention licences, coupled with costs related to entering into the plan of arrangement.

Net Income/(Loss) and Cashflows for the Six Months Ended September 30, 2017

The results for the six months ended September 30, 2017 ("H1-17") reflects a lower level of exploration activity as in the six months ended September 30, 2016 ("H1-16"), but do not show the gain on sale of the Damara Gold Project of approximately $1 million that was realized in H1-16. In addition, professional fees are higher in H1-17 as a result of legal costs and a fairness opinion, both related to the plan of arrangement.

H1-17 Exploration costs of $304,973 have decreased from H1-16 levels of $504,478 as a result of lower operator fees, and lower consulting costs to further analyse the projects, combined with the elimination of exploration costs in Namibia for H1-17.

There were no capital expenditures during the H1-17 period.

Net Income/(Loss) and cashflows for the three months ended September 30, 2017

The results for the three months ended September 30, 2017 ("Q2-17") reflects a lower level of exploration activity as in the three months ended September 30, 2016 ("Q2 -16"). These savings were largely offset by increased professional fees in Q2-17, driven by additional legal costs and a fairness opinion, both related to the plan of arrangement.

Liquidity, Capital Resources and Cash Flow Analysis

The Company's primary sources of funding have been from the issuance of common shares and exercise of share purchase warrants with additional funds coming from joint venture agreements, the sale of equipment, and the sale of the Company's interest in Osino Resources Corp. With the notice received from Shanta that they wish to terminate the Arrangement Agreement, the Company will review all options available to it with regards future financing options, be it M&A activity, traditional equity raises, or sale of its Tanzanian gold project. The current upturn in market sentiment is encouraging. However, management remains concerned about the Company's ability to raise additional funding, particularly with the backdrop of the recent actions taken by the Tanzanian government, and continues to look at ways to cut costs while preserving its mineral assets in good standing.

The increase in cash and short-term deposits over the year reflects an increase in liquidity; however, additional funds will be required. The Company invests surplus cash in fixed-rate cashable Guaranteed Investment Certificates (GIC's) issued by Canadian chartered banks and credit unions covered by deposit insurance (CDIC or CUDIC). The initial term of these instruments is one year. Upon the request of the Company the investments may be partially or fully redeemed before the maturity date without penalty.

Additional funds will be required in order to meet the Company's contractual obligations to March 31, 2018.

Financial Instruments

The Company's financial instruments consist of cash, short-term deposits, receivables, security deposits, accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest risk arising from the financial instruments. The Company is exposed to credit risk in relation to the VAT receivables balances, particularly those receivable from the Tanzania Revenue Authority. A provision has been taken in relation to two such receivable amounts that have been outstanding for an extended period of time. Interest risk and credit risk are managed for short-term deposits by maintaining them in redeemable GIC's or Savings Accounts belonging to a major Canadian bank or credit union. Credit risk is managed for receivables by seeking prompt payment, monitoring the age of receivables, and making follow up inquiries when receivables are not paid in a timely manner. The Company manages its currency risk by periodically adjusting the principal foreign currency cash balances to approximately match foreign currency liabilities. This helps to reduce the Company's gains and losses as a result of fluctuations in foreign exchange rates.

Interest on short-term deposits is classified as interest income on the Consolidated Statement of Comprehensive Loss. There are no gains, losses or expenses associated with this financial instrument. The Company does not engage in any hedging activities. Other financial instruments do not generally expose the Company to risk that is significant enough to warrant reducing via purchasing specific insurance or offsetting financial instruments. Further discussion of these risks is presented in Note 6.b of the audited consolidated financial statements for the year ended March 31, 2017.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company has provided a breakdown of expensed exploration costs in Note 8 of the unaudited condensed interim consolidated financial statements for the six months ended September 30, 2017. In addition, significant components of general and administrative expenses are shown separately on the *Consolidated Statements of Loss and Comprehensive Loss,* also part of the unaudited condensed interim consolidated financial statements for the quarter ended September 30, 2017.

RISK FACTORS

The Company is exposed to the following risks, in addition to those risks noted elsewhere in this MD&A.

Macroeconomic Risk

The significant outflow of capital from the resource sector as compared with 10 years ago, particularly the exploration sector, has led to a substantial reduction in the availability of funding for exploration companies. This situation has severely affected the ability for exploration companies to access capital through traditional means. If these factors persist over the long term, companies will become insolvent, and / or projects will take longer to develop, or may not be developed at all.

Political Policy Risk

Numerous governments around the world are looking at ways to secure additional benefits from this scenario, an approach recognized as "*Resource Nationalism*." The Tanzanian government has taken significant steps in this direction recently, which are more specifically described in the "Outlook" section of this document. Mechanisms used by governments include increases to royalty rates and corporate tax rates, implementation of "windfall or super taxes", and carried or free-carried interests to the benefit of the state. Extreme cases in Venezuela and Argentina have resulted in the nationalization of active mining interests. Such changes are viewed negatively in the investment community and can lead to share price erosion, and difficulty in accessing capital to advance projects.

Licensing Risk

The Company is reliant on the respective Ministries of Mines in the jurisdictions in which it operates in order to properly track licences granted to explore certain regions. The Company routinely needs to obtain new licences, renew existing licences or convert licences from one type to another, and occasionally needs to register a change in a licence owner when earn-in requirements have been met. The Tanzanian government has made statements that suggest that they will implement a freeze on licence issuances, transfers or renewals. This has not yet negatively impacted the Company's licences, but could, and introduces significant uncertainty into the process. The Company must rely on the Ministries to complete these transactions fairly, accurately and properly.

Exploration Risk

Mineral exploration and development involve a high degree of risk and few projects are ultimately developed into producing mines. There is no assurance that the Company's future exploration and development activities will result in the definition of a commercial ore body. Whether an ore body will be commercially viable depends on a number of factors including the particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as mineral prices and government regulations, including environmental regulations.

Financial Capability and Additional Financing

The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for further exploration and development of its projects. Although the Company has been successful in the past in financing its activities through the issuance of equity securities, there can be no assurance that it will be able to obtain sufficient financing in the future to execute its business plan, particularly with ongoing uncertainty in the global financial markets, and the prevailing investment climate of risk aversion. A discussion of risk factors particular to financial instruments is presented in Note 6.b of the audited consolidated financial statements for the period ended March 31, 2017.

The Company has not commenced commercial mining operations and has no assets other than cash, short term deposits, receivables, a small amount of prepaid expenses and a small amount of marketable securities. The Company has no history of earnings, and is not expected to generate earnings or pay dividends until the company's exploration project is sold or taken into production.

Commodity Prices

The strength of the mineral industry varies with the price of metals. The prices of gold and other commodities have fluctuated widely in recent years and are affected by factors beyond the control of the Company including, but not limited to, international economic and political trends, currency exchange fluctuations, economic inflation and expectations for the level of economic inflation in the consuming economies, interest rates, global and local economic health and trends, speculative activities and changes in the supply of gold due to new mine developments, mine closures as well as advances in various production and use technologies of gold. All of these factors will have impacts on the viability of the Company's exploration projects that are impossible to predict with certainty.

Transaction Risk

There can be no assurance that an announced transaction will be completed. Counterparties to transactions may not fulfil their contractual obligations to the Company or the Company's shareholders. While the Company may believe it has legal recourse to enforce a contract, the Company may not have the means to pursue uncertain legal action at extensive cost for a prolonged period.

Environment

Both the exploration and any future production phases of the Company's operations will be subject to environmental protection regulations in the jurisdictions in which it operates. Globally, environmental legislation is evolving towards stricter standards and enforcement, more stringent environmental impact assessments of new mining projects and increasing liability exposure for companies and their directors and officers. There is no assurance that future environmental regulations will not adversely affect the Company's operations.

Financial Instrument Risk

As a result of its use of financial instruments, the Company is subject to credit risk, interest rate risk, currency risk, liquidity risk and other price risk. Apart from currency and credit risk, these risks are considered to be small. These risks are discussed comprehensively in Note 6.b of the audited consolidated financial statements for the year ended March 31, 2017. 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 provision has been taken to reduce the VAT receivable in Tanzania to nil. While collection of some of this "nil" amount is possible, there also exists the potential for tax assessments to be raised that could exceed the amount that has been provided.

Liquidity of Common Shares

There can be no assurance that an active and liquid market for the Company's common shares will develop or continue to exist, and an investor may find it difficult to resell common shares. In addition, trading in the common shares of the Company may be halted at other times for other reasons, including for failure by the Company to submit documents to the Exchange in the time periods required.

RECENT ACCOUNTING PRONOUNCEMENTS

Certain new accounting standards, amendments and interpretations were adopted by the Company for the first time in the current year. The adoption of these new standards has had no material impact on the Company's financial statements, and is fully described in Note 3.p) of the audited consolidated financial statements for the year ended March 31, 2017.

Upcoming Changes in Accounting Standards

There are changes expected to IFRS. Those that have been announced and are most likely to have some impact on the Company are described in detail in Note 3.p) of the audited consolidated financial statements for the year ended March 31, 2017. The Company is currently reviewing the impact of these changes. They are not anticipated to have a material impact on the Company's financial statements, but may result in additional disclosures in future years.

OFF-BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Company's financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

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. Amounts due to related parties are included in accounts payable and accrued liabilities.

a) Legal services

During the six months ended September 30, 2017, the Company received legal services of approximately $80,000 (2016 – $39,000) from Vector Corporate Finance Lawyers and MOI Solicitors LLP, law firms in which the Corporate Secretary of the Company was, at the time, a partner. $65,000 of this amount was payable at September 30, 2017 (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:

		September 30, 2017		September 30, 2016
Salaries and short-term employee benefits, including amounts recorded as exploration costs	$	88,541	$	257,669
Directors' fees		12,000		22,000
Operator fees for the SMP to Plinian Capital		49,913		132,691
	$	150,454	$	412,360

At September 30, 2017 $Nil was payable (September 30, 2016 - $729,718) to related parties apart from legal services, which is included in accounts payable and accrued liabilities.

OUTSTANDING SHARE DATA

The following section updates the Outstanding Share Data provided in the audited consolidated financial statements for the year ended June 30, 2017.

Common Shares:	
Shares outstanding at September 30, 2017 and November 29, 2017	261,232,959
Stock Options:	
Options outstanding at September 30, 2017 and November 29, 2017	4,300,000
Warrants:	
Warrants outstanding at September 30, 2017 and November 29, 2017	Nil

APPROVAL

Richard D. Williams, M.Sc., P.Geo., Helio's CEO and a Qualified Person under National Instrument 43-101 has reviewed and approved the technical information contained in this document.

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

ADDITIONAL INFORMATION

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