HELIO RESOURCE CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended March 31, 2018

INTRODUCTION

This MD&A was prepared by management as at July 26, 2018, 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 audited consolidated financial statements of Helio Resource Corp. (“Helio” or the “Company”) and the related notes for the year ended March 31, 2018, 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 year ended March 31, 2018 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, 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 a rescinded 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 generally as well as legislation specifically applicable to the Company’s retention-licence tenure in Tanzania, 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, governments and the people they represent including changes to laws, regulations or attitudes, particularly towards mining, acts of foreign governments, 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 its gold project in Tanzania (the SMP Gold Project). The Company is involved in all aspects of operations in this jurisdiction. During the year ended March 31, 2018, 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 12.a of the audited consolidated financial statements for the year ended March 31, 2018.

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 fiscal 2018 with cash of $328,118.

The broad investment climate for gold-exploration and development companies generally improved from March 31, 2017, with the gold price rising 6% to approximately US$1,323 per ounce at March 31, 2018, and several M&A deals and financings being completed. Since March the gold price has decreased to $1,219 per ounce at July 23, 2018, and is expected to have a negative impact on the ability to raise capital.

Changes to the Tanzanian mining laws, implemented swiftly and without any industry consultation, on July 10th, 2017, have had a strongly negative effect on investor sentiment towards Tanzania. These changes included a 50% increase on royalty rates (to 6%), the addition of a 1% handling fee, a 16% free carried interest by the Tanzanian 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 repealed the section governing Retention Licences. The Company is in discussions with the Tanzanian government and is seeking certainty of its licence tenure. The Company has submitted an application for a new Prospecting Licence to cover the ground previously covered by the Retention Licences. Unfortunately, until the Company receives some assurance of its licence tenure, particularly regarding the area covered by the Company's retention licences, the Company has written off the amount capitalised as mineral property acquisition costs.

The current objectives of the Company are to:

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

2. Seek clarity from the Tanzanian government regarding the treatment of Retention Licences.

3. Seek new opportunities.

Additional funds will be required to meet the Company's contractual obligations to March 31, 2019. The Company's ability to continue as a going concern is dependent upon several factors – principally on the Company's ability to create positive cash-flow in the short term.

HIGHLIGHTS FOR THE YEAR ENDED MARCH 31, 2018

Offer to purchase Helio received and rescinded

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 was a conditional, all-share transaction under which Shanta offered to acquire 100% of all issued and outstanding Helio shares in exchange for 59.5 million Shanta shares. If the Arrangement Agreement were to have been consummated, shareholders of the Company would have received 5.69415 Shanta shares 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 July 23, 2018, Shanta had 769,491,787 shares outstanding. Post-closing, and subject to no further shares being issued by Shanta, Helio shareholders would have held 59.5 million shares out of a total of 828,991,787 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.

Namibia Agreement

On May 31, 2016, the Company concluded an agreement (initially announced February 18, 2016) with Osino Resources, a private mineral exploration company, to divest of the Company's Namibian projects. Helio received 17,717,857 Osino shares representing 13.3% of Osino's then-issued capital. At the same time, in a separate arm's length transaction, Helio assigned half of its interest in Osino to a third party for cash consideration of $456,000.

A year later, on May 5, 2017, Helio sold the remaining half of its initial interest in Osino to a group of investors for cash consideration of $885,892.

Share Consolidation

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 share amounts presented have been retrospectively adjusted to reflect this consolidation.

SMP Gold Project, Tanzania

As an indication of the development occurring in the area immediately surrounding the SMP Gold Project, Shanta Gold, an AIM-listed gold mining company, commenced production from its New Luika Gold Mine in 2012.

Shanta reported production of

64,000 ounces of gold in 2013,

84,000 ounces of gold in 2014,

81,873 ounces of gold in 2015,

87,713 ounces of gold in 2016, and

79,585 ounces of gold in 2017,

and has issued production guidance of 82,000 to 88,000 ounces for FY 2018.

Readers are cautioned that the preceding statement is not an indication that such an outcome will occur at the Company's SMP Project, but does demonstrate that the Saza Goldfields host gold occurrences that support mine development.

As discussed in the Outlook section, 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.

Capital Transaction:

On May 8, 2017, 48,000 post-consolidated options with an exercise price of $0.25 expired unexercised.

Significant Commitments

On July 1, 2017, the Company assigned its office lease to another company, significantly reducing the Company's future commitments.

EVENTS SUBSEQUENT TO THE YEAR ENDED MARCH 31, 2018

Debt Settlement

On June 13, 2018 the Company issued 500,000 common shares and made a cash payment of C$25,000 pursuant to a debt settlement agreement with an arm's length creditor of the Company to settle an outstanding account of approximately C$250,000.

DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION

Selected Annual Information

The following summary of the Company's selected annual information has been prepared in accordance with IFRS:

	March 31, 2018 $	**March 31, 2017** $	**March 31, 2016** $
Loss from Operations and Net Loss	(2,271,093)	(182,035)	(1,891,985)
Comprehensive Income / (Loss)	(2,700,985)	247,857	(1,906,985)
Basic and Diluted Net Loss per Share	(0.22)	(0.02)	(0.21)
Total Assets	380,996	2,967,174	2,508,982

In general, the Company's net loss tends to vary in line with the variation in the Company's exploration activity, but decreased substantially in 2017 due primarily to the $1 million gain on sale of the Damara Gold Project, combined with the $233,000 gain on debt settlement. The net loss increased substantially in 2018 due to the write-off of capitalised mineral property acquisition costs.

Results of Operations

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

Year Ended March 31, 2018

The loss for the year ended March 31, 2018 ("fiscal 2018") increased from the prior year's $182,035 to a loss of $2,271,093 for fiscal 2018. The smaller than normal loss in fiscal 2017 was driven primarily by the one-time $1 million gain on sale of the Damara Gold Project, the $233,000 gain on debt settlement, and continued decreases in exploration costs and salary expenses, coupled with a foreign exchange gain for 2017. The larger than normal loss in fiscal 2018 was largely due to the $1.6 million write-off of mineral property acquisition costs, which was partially offset by a transfer of $429,892 from other comprehensive income to net income, on realization of a previously recognized gain on marketable securities.

Due to more favourable exchange rate movements during the 2017 year, particularly in relation to the US dollar, and the reduction of the impact of the Tanzanian shilling, Helio recorded a modest foreign exchange gain of $18,777 in fiscal 2017. By contrast, in 2018 Helio recorded a modest foreign exchange loss of $11,069.

Exploration costs of $482,991 decreased by half versus the preceding year (2017 - $976,717) due to a continued focus on cost-reduction. Exploration goals were more modest in fiscal 2018 and so the Company had lower exploration spending this year. Due to the licence uncertainty surrounding retention licences, created by the Tanzanian government removing the reference to retention licences from the mining code, the Company wrote-down its capitalised mineral property exploration costs by $1,603,317 in fiscal 2018.

As a result of challenges experienced in collecting sales tax refunds, the Company has taken a provision of approximately $91,000 against its sales taxes receivable in fiscal 2018, as compared with a provision of $13,903 in fiscal 2017. The increase in the provision was primarily due to covering a greater portion of the Tanzanian refunds and a new provision for GST in Canada.

Professional fees increased from $61,165 in fiscal 2017 to $255,997 in fiscal 2018, primarily as a result of increased legal costs related to Shanta's offer to acquire Helio.

As a result of a debt settlement with Officers, directors, and Plinian Capital, the operator of the Company's Tanzanian project, the company recorded a gain of $233,080 in fiscal 2017. In addition, as a result of voluntary salary and director-fee reductions and continued low staffing levels, salaries, directors' fees and consulting expenses have decreased by an additional $65,000 from fiscal 2017 to fiscal 2018, following on the decrease of $91,000 from fiscal 2016 to fiscal 2017.

In addition, the marketable securities received in exchange for the Namibian project showed a gain in value of $429,892 in fiscal 2017, which was unrealized, and so was recorded as comprehensive income. The gain was realized in 2018 on sale of the marketable securities, causing the amount to move into net income, causing an equal and offsetting amount to pass through other comprehensive income.

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
March 31, 2018	($1,451,993)	($1,886,884)	$ (0.14)
December 31, 2017	(167,638)	(207,639)	(0.02)
September 30, 2017	(456,497)	(411,497)	(0.04)
June 30, 2017	(194,965)	(194,965)	(0.02)
March 31, 2017	(153,547)	296,345	(0.02)
December 31, 2016	(174,158)	(174,158)	(0.02)
September 30, 2016	(445,685)	(440,685)	(0.04)
June 30, 2016	$ 591,355	$ 586,355	$ 0.06

The variation in the Company's quarterly net loss over the past eight quarters is largely 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, including in June 2016 when a gain was recognized in relation to the sale of the Damara Gold Project, and in the quarter ended March 31, 2018 when the Company wrote-off their capitalised mineral property acquisition costs as a result of license uncertainty. Over the past eight quarters, the Company has maintained a focus on progressively reducing costs and preserving capital.

Three months ended March 31, 2018

The quarter ended March 31, 2018 ("Q418") reflects a similar level of activity as in the quarter ended March 31, 2017 ("Q417"), but with a significant adjustment to write-off the mineral property acquisition costs in 2018, partially offset by the realization of a gain of $429,892 on the sale of marketable securities.

The loss for the three months ended March 31, 2018 was $1,881,885, a significant increase from the loss for the three months ended March 31, 2017 of $153,547. The primary driver of the increased loss was the write-down of mineral property acquisition costs of $1,603,317 in Q418 which did not appear in Q417.

In addition, a provision for GST receivable of $67,772 in Q418 had no similar expense in Q417.

Exploration costs of $115,127 were virtually unchanged from Q417’s $106,906.

An increase in professional fees (legal) in Q418 was offset by a decrease in Office and miscellaneous expenses, and costs were lowered further by a decrease of $24,600 in travel expenses.

Finally, the provision expense for VAT receivables increased in Q418 as the amount of VAT receivable increased in Q4’18.

Capital expenditures during the quarters and years ended March 31, 2017 and 2018 were minimal.

Liquidity, Capital Resources and Cash Flow Analysis

The Company’s primary sources of funding have been from the issuance of common shares and the exercise of share purchase warrants with additional funds coming from joint venture agreements, the sale of equipment, and the recent transactions on the Namibian projects. With the notice from Shanta that the acquisition of the Company will not proceed, management is reviewing all options available to it with regards to future financing options, be it M&A activity, traditional equity raises, or sale of its Tanzanian gold project. 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 management continues to look at ways to cut costs, reassert mineral tenure over the retention licence areas, and preserve its mineral assets in good standing.

The increase in cash over the year is marginal and reflects no change in liquidity; the Company will need to seek additional funding. The Company's short-term deposits are held as 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, 2019.

Financial Instruments

The Company’s financial instruments consist of cash, receivables, security deposits, marketable securities, accounts payable, due to related parties, 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 full provision has been taken in relation to those receivable amounts as they 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, 2018.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company has provided a breakdown of expensed exploration costs in Note 11 of the audited consolidated financial statements for the year ended March 31, 2018. 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 audited consolidated financial statements for the year ended March 31, 2018.

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, 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 steps in this direction over the past 18 months. 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, 2018.

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.

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, 2018. In addition, there have been discussions with the tax authority in Tanzania and in Canada pertaining to the refundability of VAT and GST amounts that the Company is claiming. As a result, a provision has been taken to reduce the VAT and GST receivables 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 the standards are fully described in Note 3.p) of the audited consolidated financial statements for the year ended March 31, 2018.

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, 2018. 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.

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 year, the Company received legal services of approximately $113,500 (2017 – $38,300) 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. $71,400 of this amount was payable at March 31, 2018 (2017 – $nil) and was included in accounts payable.

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:

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and short-term employee benefits, including amounts recorded as exploration costs	$ 133,200	$ 343,700
Downsizing costs	--	192,800
Directors' fees	24,000	71,000
Helio gain on debt settlement	--	(233,080)
Operator fees for the SMP to Plinian Capital	49,913	194,900
	$ 207,113	$ 569,320

As further described in Note 12. a) of the accompanying audited consolidated financial statements for the year ended March 31, 2018, a total of 466,160 shares were issued to management, directors and Plinian in October and November 2016, in order to settle an aggregate amount of $582,700 owed to them for deferred salaries, fees and operator fees respectively. The parties agreed to forgive $1.25 worth of debt owed to Helio for each Helio share delivered, but each share had a fair value of only $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.

Apart from legal services noted above, $14,600 was payable to related parties at March 31, 2018 (March 31, 2017 - $61,579).

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.

OUTSTANDING SHARE DATA

The following section updates the Outstanding Share Data provided in the audited consolidated financial statements for the year ended March 31, 2018.

Common Shares:	
Shares outstanding at March 31, 2018	10,449,318
Shares issued for settlement of debt	500,000
Shares outstanding at July 26, 2018	10,949,318
Stock Options:	
Options outstanding at March 31, 2018 and July 26, 2018	172,000
Warrants:	
Warrants outstanding at March 31, 2018 and July 26, 2018	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