



HELIO RESOURCE CORP.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended March 31, 2019 and 2018

Expressed in Canadian dollars



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Helio Resource Corp.

Opinion

We have audited the consolidated financial statements of Helio Resource Corp. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2019 and 2018, and the consolidated statements of comprehensive loss, changes in deficit and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which indicates that the Company has a deficit of \$57,816,200 and expects to incur further losses in the exploration and development of its mineral properties. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Rakesh Patel.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

July 29, 2019

Helio Resource Corp.

(An Exploration Stage Company)

Consolidated Statements of Financial Position

Canadian Dollars

ASSETS	March 31, 2019	March 31, 2018
Current assets		
Cash	\$ 16,221	\$ 328,118
Receivables and prepaids (Note 7)	110,204	25,760
Marketable securities (Note 8)	25,000	25,000
	<u>151,425</u>	<u>378,878</u>
Non-current assets		
Property and equipment (Note 9)	436	2,118
	<u>\$ 151,861</u>	<u>\$ 380,996</u>
LIABILITIES		
Current liabilities		
Accounts payable (Note 14)	\$ 199,269	\$ 123,130
Accrued liabilities	57,790	363,227
Due to related parties (Note 14)	110,843	85,959
	<u>367,902</u>	<u>572,316</u>
DEFICIT		
Share capital (Note 12)	45,852,687	45,805,187
Contributed surplus	11,747,472	11,747,472
Accumulated other comprehensive loss	-	(25,000)
Deficit	<u>(57,816,200)</u>	<u>(57,718,979)</u>
	<u>(216,041)</u>	<u>(191,320)</u>
	<u>\$ 151,861</u>	<u>\$ 380,996</u>

Going Concern (Note 2)

Commitments (Note 16)

Subsequent Event (Note 17)

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)

Consolidated Statements of Comprehensive Loss

Canadian Dollars

	For the year ended March 31, 2019	For the year ended March 31, 2018
Expenses		
Amortization (Note 9)	\$ 1,682	\$ 2,170
Exploration costs (Note 11)	216,370	482,991
Filing and transfer agent fees	11,323	18,430
Professional fees (Note 14.a)	62,545	255,997
Marketing	6,485	7,679
Office and miscellaneous	19,968	40,647
Salaries, directors fees & consulting (Note 14.b)	106,052	182,990
Travel	13,546	4,803
	<u>(437,971)</u>	<u>(995,707)</u>
Other income / (loss)		
Interest income	5,181	151
Foreign exchange loss	(3,231)	(11,069)
Gain on debt settlement (Notes 11 & 12.a)	304,201	-
Gain realized on sale of marketable securities	-	429,892
Write-down of mineral property acquisition costs (Note 10)	-	(1,603,317)
Provision for VAT receivable (Note 7)	(8,153)	(23,271)
Recovery of (Provision for) GST receivable (Note 7)	67,752	(67,772)
	<u>365,750</u>	<u>(1,275,386)</u>
Net loss	<u>\$ (72,221)</u>	<u>\$ (2,271,093)</u>
Other comprehensive income items:		
Realized gain on marketable securities	-	(429,892)
Net and comprehensive loss	<u>\$ (72,221)</u>	<u>\$ (2,700,985)</u>
Net loss per share: basic & diluted	<u>\$ (0.01)</u>	<u>\$ (0.22)</u>
Weighted average number of common shares outstanding:	<u>10,847,948</u>	<u>10,449,318</u>

- See accompanying notes -

Helio Resource Corp.

(An Exploration Stage Company)

Consolidated Statements of Changes in Deficit

Canadian Dollars

	Number of Common Shares	Share Capital (Note 12)	Contributed Surplus	Accumulated Other Comprehensive Income / (Loss)	Deficit	Total
March 31, 2017	10,449,318	\$ 45,805,187	\$ 11,747,472	\$ 404,892	\$ (55,447,886)	\$ 2,509,665
Other comprehensive loss	-	-	-	(429,892)	-	(429,892)
Loss for the year	-	-	-	-	(2,271,093)	(2,271,093)
March 31, 2018	10,449,318	\$ 45,805,187	\$ 11,747,472	\$ (25,000)	\$ (57,718,979)	\$ (191,320)
Impact of adopting IFRS 9 (Note 3)	-	-	-	25,000	(25,000)	-
Shares issued to settle debt	500,000	47,500	-	-	-	47,500
Loss for the year	-	-	-	-	(72,221)	(72,221)
March 31, 2019	10,949,318	\$ 45,852,687	\$ 11,747,472	\$ -	\$ (57,816,200)	\$ (216,041)

- See accompanying notes -

Helio Resource Corp.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

Canadian Dollars

	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash flows from operating activities		
Loss for the year:	\$ (72,221)	\$ (2,271,093)
Non-operating interest income	(5,181)	(151)
Items not affecting cash:		
Amortization	1,682	2,170
Provision for VAT receivable	8,153	23,271
(Recovery) Provision for GST receivable	(67,752)	67,772
Gain on debt settlement	(304,201)	-
Write-down of mineral property acquisition costs	-	1,603,317
Gain realized on sale of marketable securities	-	(429,892)
Changes in non-cash working capital:		
Receivables and prepaids	(24,845)	(13,414)
Accounts payable and accrued liabilities	122,403	90,427
Due to / from related parties	24,884	24,380
Cash used in operating activities	<u>(317,078)</u>	<u>(903,213)</u>
Cash flows from investing activities		
Interest received	5,181	151
Security deposits	-	32,964
Proceeds from sale of marketable securities	-	885,892
Cash provided by investing activities	<u>5,181</u>	<u>919,007</u>
Net change in cash	(311,897)	15,794
Cash - beginning of year	328,118	312,324
Cash - end of year	\$ 16,221	\$ 328,118
Cash is composed of:		
Cash	\$ 3,965	\$ 22,002
Deposits held by financial institution	12,256	306,116
	<u>\$ 16,221</u>	<u>\$ 328,118</u>

- See accompanying notes -

Helio Resource Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

Expressed in Canadian dollars

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. Title to certain of the SMP licences is subject to ongoing discussions with the Tanzanian government (Note 4.b).

2. GOING CONCERN

These 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. Title to certain of the SMP licences is subject to ongoing discussions with the Tanzanian government (Note 4.b). The Company has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. As at March 31, 2019, the Company has no source of revenue, has a deficit of \$57,816,200, had negative cashflow of \$311,897 for the year then ended, 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 year ended March 31, 2018, 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. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are consistent with interpretations by the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these financial statements are based on IFRS's in effect as at March 31, 2019. These consolidated financial statements were approved for issuance by the Company's Board of Directors on July 29, 2019.

Helio Resource Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

Expressed in Canadian dollars

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) 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.

c) 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.

d) Cash

Cash includes deposits held with banks that are available on demand. Cash also includes cash equivalents, if any, which are defined as financial instruments that are readily convertible to a known amount of cash and are subject to insignificant changes in value.

e) Property and equipment

Property and equipment are recorded at cost less accumulated amortization. The Company provides for amortization on a straight-line basis at the following annual rates:

Field equipment	4 years
Office equipment	3 to 7 years

Where appropriate, the Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and amortizes each such part separately. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included in other gains and losses in the consolidated statement of comprehensive income (loss).

Helio Resource Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

Expressed in Canadian dollars

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Mineral property acquisition costs

The Company capitalizes mineral property acquisition costs, and such costs are deferred until such time as the property is sold, put into production, the Company's mineral rights are allowed to lapse, or the property is determined to be impaired.

The costs of exploring a mineral property are expensed as incurred up to the time a decision is made to proceed with the development of the related mineral property due to the existence of economically recoverable reserves. A mineral resource is considered to have economic potential when it is expected that a documented resource can be legally and economically developed considering forecast metal prices.

g) Impairment of non-financial assets

The recoverability of amounts expended on mineral property acquisition costs is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the Company's ability to overcome the regulatory, financing and other hurdles in order to complete their development and future profitable production or proceeds from the disposition thereof.

The Company performs impairment tests on property and equipment and mineral property interests when events or circumstances occur which indicate the assets may not be recoverable. Impairment assessments are carried out on a project-by-project basis with each project representing a single cash generating unit.

When impairment indicators are identified, an impairment loss is recognized if the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's value in use or the asset's fair value less costs to sell.

h) Foreign currency translation

(i) Functional and presentation currency

The functional currency of the Company and of each subsidiary of the Company is the currency of the primary economic environment in which it operates. The functional currency of the Company and its subsidiaries is Canadian dollars. The consolidated financial statements are presented in Canadian dollars.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency of an entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses result from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in currencies other than an entity's functional currency. These gains and losses are recognized in the consolidated statement of comprehensive income (loss).

Helio Resource Corp.

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Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

Expressed in Canadian dollars

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial Instruments – recognition and measurement

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL.

For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at April 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets / liabilities	Original classification IAS 39	New classification IFRS 9
Cash	Amortized cost	Amortized cost
Receivables	Amortized cost	Amortized cost
Marketable securities	FVTOCI	FVTPL
Accounts payable	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2019 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 had a \$25,000 impact on opening accumulated deficit as a result of reclassification of the cumulative comprehensive loss recognized in other comprehensive loss on the Company's marketable securities

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive income (loss) in the period in which they arise.

Helio Resource Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

Expressed in Canadian dollars

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial Instruments – recognition and measurement

(ii) Measurement (Continued)

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income (“OCI”). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

j) Share Issuance Costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred share issue costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred share issue costs related to financing transactions that are not completed are charged to expenses.

Helio Resource Corp.

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For the year ended March 31, 2019

Expressed in Canadian dollars

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Share-Based Payments

The Company applies the fair value method of accounting for all stock option awards. Under this method, compensation expense attributed to the award of options to employees is measured at the fair value of the award on the date of grant, and is recognized over the vesting period of the award. The fair value of the award is determined using the Black-Scholes Option Pricing Model. Share-based payments to non-employees are valued based on the fair value of the service received on the date at which the Company receives the service. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

The fair value of the instruments granted is measured using the Black-Scholes Option Pricing Model, taking into account the terms and conditions under which the instruments are granted. The fair value of the awards is adjusted by an estimate of the number of awards that are expected to vest as a result of non-market conditions. At each statement of financial position date, the Company revises its estimates of the number of options that are expected to vest based on the non-market conditions including the impact of the revision to original estimates, if any, with corresponding adjustments to equity.

l) Income Tax

Income taxes are accounted for using the asset and liability method. Temporary differences arise from the difference between the tax basis of an asset or liability and its carrying amount on the statement of financial position. Deferred income tax liabilities or assets are calculated using enacted or substantively enacted statutory tax rates applicable to the periods that the temporary differences are expected to reverse. Deferred tax assets are recognized to the extent that realization of such benefits is considered to be more likely than not.

m) Loss per Common Share

Basic earnings / (loss) per share is calculated by dividing net loss for the period by the weighted average number of common shares outstanding during the period. The Company follows the "treasury stock" method in the calculation of diluted earnings per share. The treasury stock method is a method of recognizing the use of proceeds that could be obtained upon exercise of options and warrants in computing diluted earnings per share. It assumes that any proceeds would be used to purchase common shares at the average market price during the period. Since the Company has losses, the exercise of outstanding options and warrants has not been included in the calculation as increasing the number of shares outstanding would be anti-dilutive.

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For the year ended March 31, 2019

Expressed in Canadian dollars

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) New Accounting Standards

The following new standards, and amendments to standards and interpretations, were first effective for the year ended March 31, 2019, and so have been applied in preparing these consolidated financial statements.

IFRS 9, Financial Instruments: This new standard replaces IAS 9 and contains requirements for the classification and measurement of financial instruments, impairment of financial assets, hedge accounting, and derecognition of financial assets and liabilities carried forward from IAS 39. It is effective for annual periods commencing on or after January 1, 2018.

IFRS 15, Revenue from Contracts with Customers: This new standard establishes a new control-based revenue recognition model which could change the timing of revenue recognition. It is effective for annual periods beginning on or after January 1, 2018. As the Company has no revenue, there was no impact on the Company's consolidated financial statements.

The following is the only expected change to IFRS that has been announced and would be most likely to have an impact on the Company's financial statements:

IFRS 16, Leases: This new standard replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. The Company has considered the impact of this change and has determined that, since the Company currently has no leases, the new standard is not anticipated to have any impact on the Company's financial statements.

4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Significant estimates and assumptions:

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. These estimates and assumptions may impact the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the valuation of receivables, fair value measurements for financial instruments, share-based payments and warrants, and the recoverability and measurement of deferred tax assets.

Helio Resource Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

Expressed in Canadian dollars

4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant judgments:

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include: the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty in relation to this assessment; the assessment of impairment indicators for the Company's mineral property acquisition costs; the classification/allocation of expenditures as capitalized or operating expenses; and the classification of financial instruments.

a) Going concern

These statements have been prepared on the assumption that the Company is able to continue as a going concern. Additional information relating to the going concern assumption is disclosed in Note 2.

b) Impairment of mineral property acquisition costs

Management's judgment is that there has been an impairment of mineral property acquisition costs. Costs capitalised were previously expected to be recoverable either through future profitable production, or through sale of the projects. Further, ownership in mineral properties involves certain inherent risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mineral properties, coupled with the potential for governments to act unpredictably. The Company has investigated ownership of its mineral properties and in management's judgment, ownership of its mineral property interests are in good standing at March 31, 2019, with the exception of four licences classified as "Retention Licences" under the Tanzanian Mining Act (2010).

Changes to the Tanzanian Mining Act (2010) have resulted in the removal of any mention of the Retention Licence classification. The Company has been assured verbally by government officials that the Tanzanian government will not expropriate the ground covered by the Retention Licences and that the government wants to work with the Retention Licence holders to ensure that projects are advanced to the point where a mining licence can be applied for.

The Tanzanian government has formed a Commission to make recommendations for the way forward with regards to the ground covered by Retention Licences. The Company's suggestion to the Ministry of Minerals is to re-issue the ground covered by the Retention Licences as Prospecting licences to allow the project to be advanced. However, the Commission has yet to make any recommendations. The Company holds four fully paid, validly granted, unexpired licences which may not be acknowledged as valid by the Tanzanian government. As a result, the Company has written off the accrued mineral property acquisition costs at March 31, 2018.

Mineral property interests are subject both to routine renewal, and non-routine extension and conversion. At appropriate times, the Company applies to the relevant Ministry of Energy and Minerals for licence renewals, extensions and conversions and is subject to the Ministry's decisions. Carrying amounts of mineral property acquisition costs are specified on the Statement of Financial Position.

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4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

c) Receivables and VAT receivable

The Company is continuing to pursue refunds of VAT paid in Tanzania and GST paid in Canada. The Company has been successful in obtaining substantial refunds in the past, but delays in processing refunds introduce additional costs and uncertainty. As a result, the Company has taken significant provisions against these receivables. Management's estimation of recoverability of VAT and GST receivable is subject to risks and uncertainties based on global economic factors and on possible future tax assessments in Tanzania and Canada. Carrying amounts of Receivables and VAT receivable are detailed in Note 7.

d) Valuation of financial instruments, share-based payments and warrants

The Company holds marketable securities of a public company that, at times, experiences low trading volumes, and may be subject to periods where its securities are halted from trading, particularly in advance of completing a significant transaction. As such, the last traded price, which is used to determine the fair value of publicly traded marketable securities, may not be an accurate measure of the recoverable value of the underlying securities.

In addition, the Company uses the Black-Scholes Option Pricing Model in order to calculate the fair value of stock options granted and warrants issued. Option pricing models require the input of highly subjective assumptions including the expected price volatility, forfeiture rate and expected life. Historical price volatility, forfeiture rate and option life were used as a starting point for the development of future expectations. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options at the date of grant.

e) Recoverability and measurement of deferred tax assets

The Company holds losses carried forward and other amounts that may be deducted from future taxable income. Since the Company does not consider it more likely than not that it will have taxable net income in the near future, the deferred tax assets have not been recognized for accounting purposes, but are further described in Note 15.

f) Classification and allocation of expenditures as capitalized or operating expenses

Management exercises judgment when classifying exploration expenditures as operating expenses. Once a decision is made to proceed with development of a mineral property, the costs of developing the mineral property into a mine will be capitalized. In addition, the allocation of expenditures to categories is an area where management uses judgment.

g) Classification of financial instruments

The classification of a financial instrument depends on its nature, as well as on management's judgment regarding future circumstances. This is especially relevant when determining whether financial assets are to be treated as held-to-maturity investments, or as financial assets at fair value through profit or loss.

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5. CAPITAL MANAGEMENT

The Company manages its common shares, options and warrants as capital. As the Company is in the Exploration stage, its principal source of funds is from the issuance of common shares (See Note 2, Going Concern). When managing the capital structure, the Company's competing objectives are to safeguard its ability to continue as a going concern in order to actively pursue the exploration and development of its projects and to minimise the number of shares issued. The Company has not established any quantitative capital management criteria as the competing objectives require subjective analysis. The Company is not subject to any externally imposed capital requirements.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Risk management

As a result of its use of financial instruments, the Company is subject to liquidity risk, credit risk, interest rate risk, and currency risk.

i) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at March 31, 2019, the Company's only financial liabilities are accounts payable, due to related parties, and accrued liabilities. These amounts are primarily due within 30 days of invoicing. The Company manages the liquidity risk inherent in these financial liabilities by ensuring that the Company has funds available to pay suppliers prior to engaging them to provide goods or services. As at March 31, 2019, the Company has a working capital deficiency of \$216,477, indicating a high liquidity risk. See also Note 2, Going Concern.

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6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Risk Management (continued)

ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial assets and liabilities and other monetary items exposed to credit risk include:

	March 31, 2019	March 31, 2018
<i>Financial instruments exposed to credit risk:</i>		
Cash	\$ 16,221	\$ 328,118
Receivables	14,747	-
<i>Amounts that are not financial instruments, but are subject to credit risk:</i>		
VAT and GST Receivables	69,843	-
	<u>\$ 100,811</u>	<u>\$ 328,118</u>

The maximum exposure to credit risk on financial assets and liabilities and other monetary items as at March 31, 2019 is \$100,811 (2018 – \$ 328,118). The Company monitors its exposure to credit risk by monitoring the various financial instrument balances and other monetary items held by each creditor.

The Company manages credit risk by holding a majority of cash with Canadian chartered banks and credit unions, each considered an extremely low credit risk. Similarly, 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).

iii) Interest rate risk

Interest rate risk is the risk that either the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Amounts subject to interest rate risk are primarily the short-term deposits held in fixed-rate cashable GIC's from time to time. The Company has previously maintained short term deposits but did not have any short-term deposits during the years ended March 31, 2018 or 2019 and so was not subject to any material interest rate risk during those periods.

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6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Risk management (continued)

iv) Currency risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally, which gives rise to the risk that cash flows may be beneficially or adversely impacted by exchange rate fluctuations. The Company has not entered into foreign currency contracts to hedge its risk against foreign currency fluctuations. Amounts subject to currency risk are primarily the cash and receivables that are denominated in foreign currencies, offset by those accounts payable denominated in foreign currencies. Together they create a net exposure to currency fluctuations.

The Company raises funds in Canadian dollars and spends funds primarily in Canadian dollars (CAD), US dollars (USD), and Tanzanian shillings (TZS). The Company is exposed to currency risk primarily on settlements of purchases that were denominated in currencies other than the Canadian dollar, and on holding VAT receivable amounts in TZS. In order to change the Company's exposure to currency risk on net payables balances, the Company periodically increases or decreases the amount of funds held in foreign currencies.

The following is a break-down of financial assets and liabilities and other monetary items denominated in foreign currencies to which the Company is exposed:

	March 31, 2019		March 31, 2018	
	USD	TZS	USD	TZS
Cash	2,317	22,618,513	10,565	65,289,554
Accounts payable, due to related party & accrued liabilities	(42,863)	(69,906,796)	(241,122)	(48,988,224)
Total in foreign currency	(40,546)	(47,288,283)	(230,557)	16,301,330
CAD Exchange rate	0.7655	1,729.19	0.7760	1,745.47
Net exposure in equivalent CAD	\$ (52,967)	\$ (27,347)	\$ (297,110)	\$ 9,339

Based on year-end closing asset and liability balances, the Company's largest foreign currency exposure as at March 31, 2019 is to the US dollar. A 1% increase in the USD:CAD exchange rate would increase the net loss by \$530. A 1% increase in the TZS:CAD exchange rate would have a negligible impact on the net loss. In any case, there would have been no impact on other comprehensive loss.

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7. RECEIVABLES AND PREPAIDS

	March 31, 2019	March 31, 2018
Prepaid expenses	\$ 25,614	\$ 25,760
Receivables	14,747	-
Sales tax receivable - Canada	69,843	-
	<u>\$ 110,204</u>	<u>\$ 25,760</u>

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

The Company is owed sales tax refunds from the government of Tanzania but the Company has historically experienced significant delays in receiving payment. In addition, there have been discussions with the tax authorities in Tanzania pertaining to the refundability of the amounts that the Company is claiming. As a result, a cumulative provision of \$324,000 (March 31, 2018 - \$363,000) 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.

8. MARKETABLE SECURITIES

Company name	# of shares	Fair value at March 31, 2019	Fair value at March 31, 2018
Damara Gold Corp.	500,000	\$25,000	\$25,000

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9. PROPERTY AND EQUIPMENT

	Field equipment	Office equipment	Total
2019			
Net book value			
At March 31, 2018	\$ 811	\$ 1,307	\$ 2,118
Amortization	(807)	(875)	(1,682)
At March 31, 2019	\$ 4	\$ 432	\$ 436
Consisting of			
Cost	\$ 77,104	\$ 98,797	\$ 175,901
Accumulated amortization	(77,100)	(98,365)	(175,465)
At March 31, 2019	\$ 4	\$ 432	\$ 436
2018			
Net book value			
At March 31, 2017	\$ 1,762	\$ 2,526	\$ 4,288
Amortization	(951)	(1,219)	(2,170)
At March 31, 2018	\$ 811	\$ 1,307	\$ 2,118
Consisting of			
Cost	\$ 77,104	\$ 98,797	\$ 175,901
Accumulated amortization	(76,293)	(97,490)	(173,783)
At March 31, 2018	\$ 811	\$ 1,307	\$ 2,118

10. MINERAL PROPERTY ACQUISITION COSTS

The government of Tanzania has introduced significant licence uncertainty around retention licences, as discussed in Note 4.b) *Impairment of mineral property acquisition costs*, resulting in the impairment of mineral property acquisition costs.

	Saza	Saza West	Makongolosi	Total
March 31, 2017	\$ 396,818	\$ 291,500	\$ 914,999	\$ 1,603,317
Impairment (Note 4.b)	(396,818)	(291,500)	(914,999)	(1,603,317)
March 31, 2019 and 2018	\$ --	\$ --	\$ --	\$ --

The Saza Makongolosi gold project (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.

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10. 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.

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.

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.

11. EXPLORATION COSTS

Plinian Capital LLP ("Plinian") is 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.

Year ended March 31, 2019	Tanzania		Total
	Saza and Saza West	Makongolosi	
Field expenses and consumables	\$ 1,322	\$ 3,279	\$ 4,601
Geological consulting	19,416	44,864	64,280
Licences and permits	5,766	3,594	9,360
Salaries and wages	20,011	52,374	72,385
Transportation and travel	2,167	5,669	7,836
Exploration office expenses	16,955	40,953	57,908
Total costs for the year ended March 31, 2019:	\$ 65,637	\$ 150,733	\$ 216,370

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11. EXPLORATION COSTS (CONTINUED)

Year ended March 31, 2018	Tanzania		Total
	Saza and Saza West	Makongolosi	
Field expenses and consumables	\$ 1,594	\$ 5,761	\$ 7,355
Geological consulting	26,404	61,193	87,597
Licence and permits	36,975	98,653	135,628
Operator fees	15,356	34,551	49,907
Salaries and wages	18,496	49,383	67,879
Transportation and travel	3,938	10,514	14,452
Exploration office expenses	34,253	85,920	120,173
Total costs for the year ended March 31, 2018:	\$ 137,016	\$ 345,975	\$ 482,991

During the year ended March 31, 2019, the Company settled certain accrued consulting fees as all unpaid portions of the accrued fees to a vendor were waived during the year, resulting in a gain on debt settlement of \$114,000.

12. SHARE CAPITAL

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

On June 13, 2018, the Company issued 500,000 common shares with a fair value of \$0.095 per share along with cash payment of \$25,000 to settle accounts payable of \$262,701, resulting in a gain on debt settlement of \$190,201.

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

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 agreement was to be subject to shareholder and B.C. Supreme Court approval. The agreement specified 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 rescinded by the offeror on August 18, 2017 due to actions of the Tanzanian government which created significant uncertainty over the status of retention licences. The Company is working to reduce the licence uncertainty 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.

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12. SHARE CAPITAL (CONTINUED)

b) Share-based payments (continued)

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.

Details of stock option activity are as follows:

	Number of Options	Weighted Average exercise price
Outstanding, March 31, 2017	220,000	\$ 2.75
Expired	(48,000)	\$ 6.25
Outstanding, March 31, 2018 and 2019	172,000	\$ 1.75

No options were granted or exercised during the years ended March 31, 2019 or 2018.

The following table summarizes information about stock options outstanding to directors, officers, employees and consultants as at March 31, 2019:

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	0.50	172,000

c) Share Purchase Warrants

There were no share purchase warrants outstanding at March 31, 2019 or 2018.

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13. SEGMENTED INFORMATION

The Company has two operating segments, which are mineral exploration and development in Tanzania and Canada. 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:

	March 31, 2019		March 31, 2018	
Canada	\$	109,745	\$	316,814
Tanzania		42,116		64,182
	\$	151,861	\$	380,996

Cash amounting to \$374 was held in Canada, and \$15,847 was held in Tanzania (March 31, 2018 - \$279,272 Canada and \$48,846 Tanzania).

Capital assets, including mineral properties, by geographic area:

	March 31, 2019		March 31, 2018	
Canada	\$	252	\$	550
Tanzania		184		1,568
	\$	436	\$	2,118

Net income (loss) by geographic area:

	Year ended March 31, 2019		Year ended March 31, 2018	
Canada	\$	173,535	\$	(125,361)
Tanzania		(245,756)		(2,145,732)
	\$	(72,221)	\$	(2,271,093)

Exploration expenses by geographic area:

	Year ended March 31, 2019		Year ended March 31, 2018	
Tanzania	\$	216,370	\$	482,991

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14. 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 year, the Company received legal services of \$nil (2018 – approximately \$113,500) from a law firm, in which the Corporate Secretary of the Company is a partner. \$64,490 was payable at March 31, 2019 in relation to these amounts (March 31, 2018 - \$71,400). Since the Corporate Secretary of the Company resigned during the year ended March 31, 2019, this amount is shown as accounts payable, and not due to related party at March 31, 2019.

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:

	March 31, 2019	March 31, 2018
Salaries and short-term employee benefits, including amounts recorded as exploration costs	\$ 83,156	\$ 133,200
Directors' fees	14,000	24,000
Operator fees	--	49,913
	<u>\$ 97,156</u>	<u>\$ 207,113</u>

\$110,843 was payable to related parties at March 31, 2019 and was included in due to related parties (March 31, 2018 - \$14,600 apart from legal services noted in a)).

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15. INCOME TAXES

a) A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	March 31, 2019	March 31, 2018
Net loss for the year	\$ (72,221)	\$ (2,271,093)
Statutory tax rate in Canada	27.00%	26.25%
Expected income tax recovery	(19,500)	(596,162)
Additions and deductions:		
Non-deductible expenses	875	1,008
Income subject to capital gains rate	--	(56,423)
Non-taxable (income) / expenditures	(1,520)	90,385
Deduction of share issuance costs	(17,292)	(19,396)
Effect of different foreign statutory tax rates on earnings of subsidiaries	(5,021)	(12,285)
Effect of change in tax rate on temporary differences	(86,913)	(27,343)
Foreign exchange loss / (gain) on the components of the future tax assets and liabilities denominated in foreign currencies	(63,576)	133,066
Income tax benefits not recognized	192,946	487,150
Income tax expense / recovery	\$ --	\$ --

b) The Company has incurred non-capital losses for tax purposes from Canadian and foreign sources, that are available to offset future taxable income. These losses may be carried forward and expire as follows:

Year of expiry	Loss carried forward	Jurisdiction
2027	\$ 574,865	Canada
2028	1,161,479	Canada
2029	1,146,549	Canada
2030	1,354,448	Canada
2031	1,386,955	Canada
2032	1,378,960	Canada
2033	1,160,256	Canada
2034	943,258	Canada
2035	951,822	Canada
2036	368,050	Canada
2037	747,023	Canada
2038	414,715	Canada
2039	2,422	Canada
No expiry	24,171,609	Tanzania
	\$ 35,762,411	

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15. INCOME TAXES (CONTINUED)

c) The components of the unrecognized deferred income tax asset balances are as follows:

	March 31, 2019	March 31, 2018
Non-capital losses	\$ 10,380,999	\$ 10,181,943
Share issuance costs	--	16,811
VAT Receivable	97,434	88,615
Property and equipment	43,710	41,828
Net unrecognized deferred income tax assets	<u>\$ 10,522,143</u>	<u>\$ 10,329,197</u>

Deferred income tax assets and liabilities are measured using statutory rates that are expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled.

There are loss carry forwards available in the appropriate jurisdictions that are more than sufficient to offset any future income tax liabilities that exist in relation to property, plant and equipment and mineral property acquisition costs.

Deferred income tax assets are recorded when it is more likely than not that they will be recovered in future periods. Based on this criterion, no net deferred income tax assets have been recorded.

In the normal course of business, the Company may be subject to audit by taxation authorities. These audits may alter the timing or amount of income taxes, import/export duties, consumption taxes, withholding taxes, payroll taxes or other taxes levied, or VAT or other taxes refunded. The amounts ultimately assessed or reassessed upon resolution of issues raised may differ from the amounts accrued.

16. 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.

17. SUBSEQUENT EVENT

On May 14, 2019 the Company signed a Letter of Intent ("LOI") with Palamina Corp to acquire the Gaban gold project and the Tinka Iron Oxide Copper Gold project, both located in Peru. In conjunction with the acquisition, Helio has publicly announced that it plans to raise between \$600,000 and \$800,000 through a non-brokered private placement financing to cover the first phase of exploration on the properties and to cover initial working capital. Helio also has reached agreement with certain creditors including insiders to settle a total of \$90,000 in debts by way of issuance of 1,500,000 common shares of the Company at a price of 6 cents per share. The shares will be issued, subject to TSXV approval, upon closing of the acquisition outlined in the LOI.