HELIO RESOURCE CORP.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month periods ended June 30, 2019 and 2018

Expressed in Canadian dollars

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

Helio Resource Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Financial Position

Canadian Dollars

Unaudited - Prepared by Management

ASSETS	June 30, 2019	March 31, 2019
Current assets		
Cash	$ 170,888	$ 16,221
Receivables and prepaids *(Note 4)*	113,819	110,204
Marketable securities *(Note 5)*	25,000	25,000
	309,707	151,425
Non-current assets		
Property and equipment *(Note 6)*	282	436
	$ 309,989	$ 151,861
LIABILITIES		
Current liabilities		
Accounts payable *(Note 11)*	$ 203,546	$ 199,269
Accrued liabilities	83,208	57,790
Due to related parties *(Note 11)*	126,126	110,843
	412,880	367,902
DEFICIT		
Share subscriptions *(Note 9)*	193,500	-
Share capital *(Note 9)*	45,852,687	45,852,687
Contributed surplus	11,747,472	11,747,472
Deficit	(57,896,550)	(57,816,200)
	(102,891)	(216,041)
	$ 309,989	$ 151,861

Going Concern (Note 2)
Commitments (Note 12)
Subsequent Event (Note 13)

ON BEHALF OF THE BOARD OF DIRECTORS:

signed "Richard Williams"
Director

signed "Stephen Leahy"
Director

- See accompanying notes -

Helio Resource Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

Canadian Dollars

Unaudited - Prepared by Management

	For the three months ended June 30, 2019	For the three months ended June 30, 2018
Expenses		
Amortization *(Note 6)*	$ 154	$ 462
Exploration costs *(Note 8)*	29,416	69,833
Filing and transfer agent fees	2,156	1,904
Professional fees *(Note 11.a)*	36,843	6,931
Marketing	3,431	2,595
Office and miscellaneous	5,733	325
Salaries, directors fees & consulting *(Note 11.b)*	451	35,280
Travel	-	12,990
	(78,184)	(130,320)
Other income / (loss)		
Interest income	7,785	-
Foreign exchange loss	(8,700)	(626)
Gain on debt settlement *(Note 9.a)*	-	190,201
Unrealized loss on marketable securities	-	(2,500)
Provision for VAT receivable *(Note 7)*	(1,251)	(1,559)
	(2,166)	185,516
Net and comprehensive (loss) income	$ (80,350)	$ 55,196
Net loss per share: basic & diluted	$ (0.01)	$ 0.01
Weighted average number of common shares outstanding:	10,949,318	10,542,725

- See accompanying notes -

Helio Resource Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Changes in Equity

Canadian Dollars

Unaudited - Prepared by Management

	Number of Common Shares	Share Capital *(Note 9)*	Share Subscriptions *(Note 9)*	Contributed Surplus	Accumulated Other Comprehensive Income / (Loss)	Deficit	Total
March 31, 2018	10,449,318	$ 45,805,187	$ -	$ 11,747,472	$ (25,000)	$ (57,743,979)	$ (191,320)
Impact of adopting IFRS 9	-	-	-	-	25,000	(25,000)	-
Shares issued to settle debt	500,000	47,500		-	-	-	47,500
Income for the period	-	-	-	-	-	55,196	55,196
June 30, 2018	10,949,318	$ 45,852,687	-	$ 11,747,472	$ -	$ (57,713,783)	$ (88,624)
March 31, 2019	10,949,318	$ 45,852,687	$ -	$ 11,747,472	$ -	$ (57,816,200)	(216,041)
Proceeds collected in advance of a private placement	-	-	193,500	-	-	-	193,500
Loss for the period	-	-	-	-	-	(80,350)	(80,350)
June 30, 2019	10,949,318	$ 45,852,687	$ 193,500	$ 11,747,472	$ -	$ (57,896,550)	$ (102,891)

- See accompanying notes -

Helio Resource Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Cash Flows

Canadian Dollars

Unaudited - Prepared by Management

	For the three months ended June 30, 2019	For the three months ended June 30, 2018
Cash flows from operating activities		
(Loss) Income for the period:	$ (80,350)	$ 55,196
Non-operating interest income	(7,785)	-
Items not affecting cash:		
Amortization	154	462
Provision for VAT receivable	1,251	-
Gain on debt settlement	-	(190,201)
Unrealized loss on marketable securities	-	2,500
Changes in non-cash working capital:		
Receivables and prepaids	(4,866)	(20,482)
Accounts payable and accrued liabilities	29,695	7,807
Due to / from related parties	15,283	(15,244)
Cash used in operating activities	(46,618)	(159,962)
Cash flows from investing activities		
Interest received	7,785	-
Cash provided by investing activities	7,785	-
Cash flows from financing activities		
Share subscriptions received	193,500	-
Cash provided by financing activities	193,500	-
Net change in cash	154,667	(159,962)
Cash - beginning of period	16,221	328,118
Cash - end of period	$ 170,888	$ 168,156
Cash is composed of:		
Cash	$ 1,741	$ 5,668
Deposits held by financial institution	169,147	162,488
	$ 170,888	$ 168,156

Supplemental non-cash information:

On June 13, 2018, the Company issued 500,000 common shares valued at $47,500 together with a payment of $25,000 cash in settlement of accounts payable totalling $262,701 Canadian dollars (Note 9.a).

- See accompanying notes -

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

The Company holds interests in mineral properties in Tanzania and is focused on the exploration and development of these properties. 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 June 30, 2019, the Company has no source of revenue, has a deficit of $57,896,550 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 also raised cash by selling marketable securities, there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company.

3. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, as issued by the International Accounting Standards Board, including International Accounting Standard ("IAS") 34 *Interim Financial Reporting*, effective for the period ending June 30, 2019, as issued and outstanding as of August 29th, 2019, the date the Board of Directors approved these financial statements. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended March 31, 2019.

3. BASIS OF PRESENTATION (continued)

a) Basis of presentation

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

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

b) Basis of measurement

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 of the audited annual consolidated financial statements for the year ended March 31, 2019.

c) Significant Accounting Policies

The accounting policies and methods of computation followed in preparing these condensed interim consolidated financial statements are consistent with interpretations by the International Financial Reporting Interpretations Committee ("IFRIC"), and are substantially the same as those followed in preparing the most recent audited annual consolidated financial statements, with the exception of the following changes to accounting policies adopted on April 1, 2019 as a result of changes to accounting standards.

> 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. Since the Company had no leases, the new standard did not have any impact on the Company's financial statements at the time of adoption of the new standard.

The following is the accounting policy that has been amended as a result of adoption of IFRS 16:

Leases
Upon lease commencement, the Company recognizes a right-of-use asset, which is initially measured at the amount of the lease liability plus any direct costs incurred, which is then amortized over the life of the lease on a straight-line basis. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease; if the implicit lease rate cannot be determined, the incremental borrowing rate is used. Payments against the lease are then offset against the lease liability. The lease liability and right-of-use asset are subsequently remeasured to reflect changes to the terms of the lease. Assets and liabilities are recognized for all leases unless the lease term is twelve months or less or the underlying asset has a low value.

Expressed in Canadian dollars

4. RECEIVABLES AND PREPAIDS

	June 30, 2019	March 31, 2019
Prepaid expenses	$ 22,350	$ 25,614
Receivables	79,792	14,747
Sales tax receivable - Canada	11,677	69,843
	$ 113,819	$ 110,204

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 and Canada pertaining to the refundability of the amounts that the Company is claiming. As a result, a cumulative provision of $318,000 (March 31, 2019 - $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.

5. MARKETABLE SECURITIES

Company name	# of shares	Fair value at June 30, 2019	Fair value at March 31, 2019
Damara Gold Corp.	500,000	$25,000	$25,000

6. PROPERTY AND EQUIPMENT

June 30, 2019	Field equipment	Office equipment	Total
Net book value			
At March 31, 2019	$ 4	$ 432	$ 436
Amortization	(4)	(150)	(154)
At June 30, 2019	$ -	$ 282	$ 282
Consisting of			
Cost	$ 77,104	$ 98,797	$ 175,901
Accumulated amortization	(77,104)	(98,515)	(175,619)
At June 30, 2019	$ -	$ 282	$ 282

March 31, 2019	Field equipment	Office equipment	Total
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

Expressed in Canadian dollars

7. MINERAL PROPERTY ACQUISITION COSTS

The government of Tanzania has introduced significant licence uncertainty around retention licences, resulting in the impairment of mineral property acquisition costs, which were written down to nil during a prior fiscal year.

The Saza Makongolosi gold project (the "SMP" gold project) consists of all of the following areas:

a) Saza Licence, Tanzania

The Company has earned a 100% interest in the Saza, Saza West, Ilunga, Gap and Kwaheri licences, all within the Lupa Goldfields in southwest Tanzania. Each of the five areas is 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 (per area) prior to commencement of commercial production.

b) 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.

8. EXPLORATION COSTS

Three months ended June 30, 2019	Tanzania		Total
	Saza and Saza West	Makongolosi	
Field expenses and consumables	$ 246	$ 643	$ 889
Geological consulting	647	1,729	2,376
Salaries and wages	4,988	13,056	18,044
Transportation and travel	14	35	49
Exploration office expenses	2,224	5,834	8,058
Total costs for the three months ended June 30, 2019:	$ 8,119	$ 21,297	$ 29,416

Three months ended June 30, 2018	Tanzania		Total
	Saza and Saza West	Makongolosi	
Field expenses and consumables	$ 381	$ 806	$ 1,187
Geological consulting	6,434	14,855	21,289
Salaries and wages	5,189	13,579	18,768
Transportation and travel	1,115	2,916	4,031
Exploration office expenses	7,113	17,445	24,558
Total costs for the three months ended June 30, 2018:	$ 20,232	$ 49,601	$ 69,833

Expressed in Canadian dollars

9. SHARE CAPITAL

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

During the quarter ended June 30, 2019, the Company received $193,500 in cash from persons desiring to participate in the Company's next equity issuance, which has not yet closed. These funds are shown as share subscriptions, a component of deficit.

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

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.

There has been no stock option activity in the past 24 months.

The following table summarizes information about stock options outstanding to directors, officers, employees and consultants as at June 30, 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	0.25	172,000

c) Share Purchase Warrants

All outstanding warrants expired during the year ended March 31, 2017.

Expressed in Canadian dollars

10. 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:

	June 30, 2019	March 31, 2019
Canada	$ 272,544	$ 109,745
Tanzania	37,445	42,116
	$ 309,989	$ 151,861

Cash amounting to $160,477 was held in Canada, and $10,411 was held in Tanzania (March 31, 2019 - $374 in Canada and $15,847 in Tanzania).

Capital assets, including mineral properties, by geographic area:

	June 30, 2019	March 31, 2019
Canada	$ 177	$ 252
Tanzania	105	184
	$ 282	$ 436

Net (loss) income by geographic area:

	Three months ended June 30, 2019	Three months ended June 30, 2018
Canada*	$ (37,904)	$ 129,851
Tanzania	(42,446)	(74,655)
	$ (80,350)	$ 55,196

*The income is in relation to a gain on settlement of debt further described in Note 9.a).

Exploration expenses by geographic area:

	Three months ended June 30, 2019	Three months ended June 30, 2018
Tanzania	$ 29,416	$ 69,833

Expressed in Canadian dollars

11. RELATED PARTY TRANSACTIONS

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

a) Legal services

During the three months ended June 30, 2018, the Company received legal services of approximately $6,900 (2019 – $Nil) from a law firm, in which the Corporate Secretary of the Company at the time was a partner. This amount has since been paid.

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:

	June 30, 2019	June 30, 2018
Salaries and short-term employee benefits, including amounts recorded as exploration costs	$ Nil	$ 25,572
Directors' fees	Nil	6,000
	$ Nil	$ 31,572

Related parties have been paying the expenses of the Company, and have not been drawing or accruing salary or director's fees in the 2019 calendar year, due to the Company's limited resources. As a result, $126,126 (March 31, 2019 - $103,943) was payable to related parties for unpaid 2018 salary as well as for costs paid on behalf of the Company.

12. COMMITMENTS

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