HELIO RESOURCE CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended March 31, 2017

INTRODUCTION

This MD&A was prepared by management as at July 27, 2017, and has been reviewed and approved by the Board of Directors. The following discussion of performance, financial condition and future prospects should be read in conjunction with the accompanying audited consolidated financial statements of Helio Resource Corp. ("Helio" or the "Company") and the related notes for the year ended March 31, 2017, 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, 2017 and the subsequent period up to the date of issue of this MD&A. Monetary amounts in the following discussion are in Canadian dollars unless otherwise noted.

Additional information, including annual audited consolidated financial statements and more detail on specific mineral properties discussed in this MD&A can be found on the Company's page at www.sedar.com or on its website, 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, 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, changes to legislation, our ability to attract and retain skilled staff, our ability to procure equipment and operating supplies, the receipt of positive results from our exploration project in Tanzania, our ability to obtain exploration licenses and license renewals for our operations, and our ongoing relations with governments, our employees and business partners. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to vary materially.

Factors that may cause actual results to vary include, but are not limited to: actual exploration results, actual experience in collecting receivables, changes in interest and currency exchange rates, acts of 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, 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.

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

OUTLOOK

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

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

The Company completed fiscal 2017 with cash and short-term deposits of $312,324.

The broad investment climate for gold-exploration and development companies has improved since March 31, 2016, with the gold price rising 9% to approximately US$1,249 per ounce at March 31, 2017, and several M&A deals and financings being completed.

However, recent swiftly implemented changes to the mining laws, including a 50% increase on royalty rates (to 6%), a 16% free carried interest to the government, the banning of international arbitration and other substantial modifications to the licensing regime, have had a strongly negative effect on investor sentiment towards Tanzania. Further, the new laws repeal the section governing Retention Licences. The Company is awaiting confirmation that pre-existing Retention Licences will be “grandfathered”, in which case the Company would need to convert its four Retention Licences to Mining Licences by September, 2019. It will take some time for investors and exploration / mining companies to fully digest the various impacts of these changes.

The current objectives of the Company are to:

1. Bring the Arrangement Agreement to shareholders to vote on the transaction with Shanta Gold. Management believes this transaction represents the best option for shareholders, and will allow the SMP Gold Project to advance to a production decision in the quickest time.
2. Continue to minimize outward cash-flow, particularly in relation to overhead and corporate costs.

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

HIGHLIGHTS FOR THE YEAR ENDED MARCH 31, 2017

Warrant Exercises

During the year, 11,500,000 share purchase warrants were exercised adding $575,000 to the treasury. The remaining 9,738,000 warrants exercisable at $0.05 expired during the year, reducing the number of warrants outstanding to nil.

Share Consolidation

Shareholders at the September 23, 2016 Annual and Special General Meeting voted in favour of giving the Company the authority to enact a 10:1 consolidation of share capital prior to January 31, 2017. As the date drew near, the board of directors did not deem it ideal timing to enact a share consolidation and so allowed the time to pass without enacting a consolidation.

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.

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 in 2015, 87,713 ounces of gold in 2016, and has issued production guidance of 80,000 to 85,000 ounces for FY 2017.

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.

EVENTS SUBSEQUENT TO THE YEAR ENDED MARCH 31, 2017

Subsequent to the fiscal year-end, 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.

On May 8, 2017, 1,200,000 options with an exercise price of $0.25 expired unexercised.

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 will acquire all of the issued and outstanding common shares of Helio by way of a statutory plan of arrangement (the "Plan of Arrangement"). The Agreement is subject to shareholder and B.C. Supreme Court approval. The arrangement agreement specifies the terms of a conditional, all-share transaction under which Shanta would acquire 100% of all issued and outstanding Helio shares in exchange for 59.5 million Shanta shares. If approved, Helio shareholders will receive 0.227766 of a Shanta share for each Helio share.

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

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, 2017 $	**March 31, 2016** $	**March 31, 2014** $
Loss from Operations and Net Loss	(182,035)	(1,891,985)	(3,660,749)
Comprehensive Income / (Loss)	246,857	(1,906,985)	(3,660,749)
Basic and Diluted Net Loss per Share	(0.00)	(0.01)	(0.02)
Total Assets	2,967,174	2,508,982	3,374,065

The net loss has varied in line with the variation in the Company's exploration activity, and further 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.

Results of Operations

At present, the Company has no mineral-producing properties and therefore has no revenue from any mineral properties. The Company was, however, successful in selling its Namibian project during the year.

Year Ended March 31, 2017

The loss for the year ended March 31, 2017 ("fiscal 2017") decreased from the prior year's $1,891,985 to a loss of $182,035 for fiscal 2017. The smaller loss was driven primarily by the $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.

Due to more favourable exchange rate movements during the 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, an improvement over the prior year's foreign exchange loss of $92,839.

Exploration costs of $976,717 decreased by $140,397 versus the preceding year (2016 - $1,117,114) due to a continued focus on cost-reduction. Exploration goals were more modest in fiscal 2017 and so the Company had lower exploration spending this year.

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 addition, as a result of voluntary salary reductions and continued low staffing levels, salaries, directors' fees and consulting expenses have decreased by an additional $91,110 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 which was recorded as 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:	Loss from Operations and Net Loss	Comprehensive Income / (Loss)	Basic and Diluted Loss per Share from Operations and Net Loss per Share
March 31, 2017	$ (153,547)	$ 296,345	$ (0.00)
December 31, 2016	(174,158)	(174,158)	(0.00)
September 30, 2016	(445,685)	(440,685)	(0.00)
June 30, 2016	591,355	586,355	0.00
March 31, 2016	(608,823)	(608,823)	(0.01)
December 31, 2015	(366,364)	(373,864)	(0.00)
September 30, 2015	(506,680)	(519,180)	(0.00)
June 30, 2015	(410,118)	(410,118)	(0.00)
March 31, 2015	$ (598,099)	$ (588,099)	$ (0.00)

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. Over the past eight quarters, the Company has maintained a focus on progressively reducing costs and preserving capital, however, an 8,000 m drill program was conducted in the quarter ended December 31, 2014. This program culminated in the release of the NI43-101 compliant Mineral Resource Estimate for the SMP gold project in Tanzania on March 26, 2015.

Three months ended March 31, 2017

The quarter ended March 31, 2017 ("Q417") reflects a similar level of activity as in the quarter ended March 31, 2016 ("Q416"), but with substantially lower exploration activity as a result of selling the Namibian project and the benefit of other cost reductions due to previously incurred restructuring costs.

The loss for the three months ended March 31, 2017 was $153,547, down from the loss for the three months ended March 31, 2016 of $608,823.

Exploration costs of $106,906 have decreased from Q416 levels of $407,173 as a result of lower exploration-salary costs, lower operator costs, and lower consulting costs to further analyse the projects.

Lower exploration costs were complemented by decreases in professional fees of $46,210, and decreases in Salaries, directors' fees and consulting of $48,087 due to decreased use of external professionals during the quarter, coupled with voluntary reductions in salaries and director's fees.

Finally, the provision expense for VAT receivables decreased in Q417 as the provision was taken more evenly throughout the year in Q417.

Capital expenditures during the quarters and years ended March 31, 2016 and 2017 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 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. The Company is currently awaiting shareholder approval of an acquisition of the Company. Should the acquisition not proceed, management will review all options available to it with regards future financing options, be it M&A activity, traditional equity raises, or sale of its Tanzanian gold project. The current upturn in market sentiment is encouraging. However, management remains concerned about the Company's ability to raise additional funding, particularly with the backdrop of the recent actions taken by the Tanzanian government, and continues to look at ways to cut costs and preserve its mineral assets in good standing.

The decrease in cash and short-term deposits over the year reflects a decrease in liquidity; however, the acquisition offer from Shanta will remove the need for the Company to seek additional funding on its own. In addition, funds brought in from the sale of the second half of the Osino shares subsequent to year end improve liquidity significantly. 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, 2018.

Financial Instruments

The Company's financial instruments consist of cash, short-term deposits, receivables, security deposits, accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest risk arising from the financial instruments. The Company is exposed to credit risk in relation to the VAT receivables balances, particularly those receivable from the Tanzania Revenue Authority. A provision has been taken in relation to two such receivable amounts that have been outstanding for an extended period of time. Interest risk and credit risk are managed for short-term deposits by maintaining them in redeemable GIC's or Savings Accounts belonging to a major Canadian bank or credit union. Credit risk is managed for receivables by seeking prompt payment, monitoring the age of receivables, and making follow up inquiries when receivables are not paid in a timely manner. The Company manages its currency risk by periodically adjusting the principal foreign currency cash balances to approximately match foreign currency liabilities. This helps to reduce the Company's gains and losses as a result of fluctuations in foreign exchange rates. Interest on short-term deposits is classified as interest income on the Consolidated Statement of Comprehensive Loss. There are no gains, losses or expenses associated with this financial instrument. The Company does not engage in any hedging activities. Other financial instruments do not generally expose the Company to risk that is significant enough to warrant reducing via purchasing specific insurance or offsetting financial instruments. Further discussion of these risks is presented in Note 6.b of the audited consolidated financial statements for the year ended March 31, 2017.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company has provided a breakdown of expensed exploration costs in Note 11 of the audited consolidated financial statements for the year ended March 31, 2017. In addition, significant components of general and administrative expenses are shown separately on the *Consolidated Statements of Loss and Comprehensive Loss,* also part of the audited consolidated financial statements for the year ended March 31, 2017.

RISK FACTORS

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

Macroeconomic Risk

The significant outflow of capital from the resource sector, 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 recently. Mechanisms used by governments include increases to royalty rates and corporate tax rates, implementation of "windfall or super taxes", and carried or free-carried interests to the benefit of the state. Extreme cases in Venezuela and Argentina have resulted in the nationalization of active mining interests. Such changes are viewed negatively in the investment community and can lead to share price erosion, and difficulty in accessing capital to advance projects.

Licensing Risk

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

Exploration Risk

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

Financial Capability and Additional Financing

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

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

Commodity Prices

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

Environment

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

Financial Instrument Risk

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

Liquidity of Common Shares

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

RECENT ACCOUNTING PRONOUNCEMENTS

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

Upcoming Changes in Accounting Standards

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

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. Amounts due to related parties are included in accounts payable and accrued liabilities.

a) Legal services

During the year, the Company received legal services of approximately $38,300 (2016 – $55,000) from Vector Corporate Finance Lawyers and MOI Solicitors LLP, law firms in which the Corporate Secretary of the Company was, at the time, a partner. $nil of this amount was payable at March 31, 2017 (2016 – $26,000) 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, 2017	Year ended March 31, 2016
Salaries and short-term employee benefits, including amounts recorded as exploration costs	$ 343,700	$ 488,800
Downsizing costs	192,800	39,000
Directors' fees	71,000	39,000
Helio gain on debt settlement	(233,080)	--
Operator fees for the SMP to Plinian Capital	245,400	393,000
Share-based payments	--	--
	$ 619,820	$ 920,800

Apart from legal services, $61,579 was payable to related parties at March 31, 2017 and is included in due to related parties (2016 – $648,800).

OUTSTANDING SHARE DATA

The following section updates the Outstanding Share Data provided in the audited consolidated financial statements for the year ended March 31, 2017.

Common Shares:	
Shares outstanding at March 31, 2017 and July 27, 2017	261,232,959
Stock Options:	
Options outstanding at March 31, 2017	5,500,000
Expiry of options exercisable at $0.25	(1,200,000)
Options outstanding at July 27, 2017	4,300,000
Warrants:	
Warrants outstanding at March 31, 2017 and July 27, 2017	21,238,000

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