HELIO RESOURCE CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended March 31, 2016

INTRODUCTION

This MD&A was prepared by management as at July 28, 2016, 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, 2016, 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, 2016 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 and Namibian exploration projects.

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 projects in Tanzania and Namibia, 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 or Namibia 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

The Company completed fiscal 2016 with cash and short-term deposits of $763,979.

The current investment climate for gold-exploration and development companies has improved since the start of 2016, with the gold price rising approximately 14.5% to US$1,216 per ounce at March 31, 2016, and several M&A deals and financings being completed.

The Company is comforted by the fact that it has a robust, high quality resource, with good grades and good metallurgical characteristics, secure licence tenure (the main licences have been converted to 5-year term Retention Licences), and has strong support from its major shareholder, CE Mining.

The current objectives of the Company are to:

1. Evaluate all options for advancing the SMP Gold Project to a production decision. These include, but are not limited to, further financings to drill for additional resource ounces, attract joint venture partners to assist in the project advancement, and outright sale of the project.
2. Further reduce outward cash-flow, particularly in relation to overhead and corporate costs.

Throughout the fiscal year ($1,000,000) and subsequent to the fiscal year-end ($575,000), 31,500,000 share purchase warrants were exercised realising $1,575,000 to the treasury.

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 issued capital. In a separate arm's length transaction Helio assigned a portion of its interest to a third party in consideration of $456,000.

Additional funds will be required in order to meet the Company's contractual obligations to March 31, 2017.

HIGHLIGHTS FOR THE YEAR ENDED MARCH 31, 2016

Warrant Exercises

In July, 2015, (6,140,000 warrants ; $307,000), in November, 2015 (6,497,150 warrants; $324,857.50) and February, 2016 (7,362,850 warrants; $368,142.50), CE Mining II Helio Limited exercised a total of 20,000,000 share purchase warrants for gross proceeds of $1,000,000 to the Company.

25,000,000 warrants, exercisable at $0.14 expired during the year, and 1,188,000 warrant, exercisable at $0.10 expired subsequent to year-end.

Namibia Agreement

In February 2016 the Company reported that it had reached agreement with Damara Gold (TSX-V: DMR) (‘Damara”) whereby the earn-in agreement between Damara and Helio would be cancelled, and Helio and Damara would transfer their respective interests in two Namibian exploration licences, namely EPL 3738 (Wilhelmstal) and EPL 3739 (Otjimbojo), into Osino Resources Corp. (“Osino”), a privately-held British Columbia corporation in return for shares in Osino. This transaction closed on May 31, 2016 (see note above in the “Outlook” section).

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 and has issued production guidance of 82,000 to 87,000 ounces for FY 2016.

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.

EVENTS SUBSEQUENT TO THE YEAR ENDED MARCH 31, 2016

Subsequent to the fiscal year-end, on May 3, 2016 (4,000,000 warrants; $200,000) and June 13, 2016 (7,500,000 warrants; $375,000), a further 11,500,000 share purchase warrants were exercised for gross proceeds to the company of $575,000.

As a result of the warrant exercises, as of the date of this MD&A, the Company has 249,578,959 shares issued and outstanding. CE Mining and CE Mining II Helio Limited together own a total of 80,000,000 shares, representing 32.05% of the issued and outstanding shares.

Also, on June 27, 2016, 1,300,000 incentive stock options expired unexercised. These options had an exercise price of $0.45 per share. As a result, at the time of writing this MD&A, the Company has 7,400,000 incentive stock options issued.

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, 2016 $	**March 31, 2015** $	**March 31, 2014** $
Loss from Operations and Net Loss	1,891,985	3,660,749	1,992,893
Comprehensive Loss	1,906,985	3,660,749	1,998,893
Basic and Diluted Loss per Share	(0.01)	(0.02)	(0.01)
Total Assets	2,508,982	3,374,065	2,410,226

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

Results of Operations

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

Year Ended March 31, 2016

The loss for the year ended March 31, 2016 ("fiscal 2016") decreased from the prior year's $3,660,749 to a loss of $1,891,985 for fiscal 2016. The smaller loss was driven primarily by lower exploration costs, no share based payment expenses, and reduced salary, corporate travel and marketing costs.

Exploration costs of $1,117,114 decreased by $1.4M versus the preceding year (2015 - $2,551,481) due to the RC and diamond drill exploration program in Tanzania and the subsequent resource update, both in fiscal 2015. Exploration goals were more modest in fiscal 2016 and so the Company had lower exploration spending this year.

Share based payment expenses decreased 2016 from $148,076 in fiscal 2015 to nil in fiscal. The fiscal 2015 expense was as a result of options granted in October 2014. Prior to that, the most recent stock options were granted in May 2012. No options were granted in fiscal 2016.

As a result, of voluntary salary reductions and continued low staffing levels, salaries, directors' fees and consulting have decreased by $69,661 from fiscal 2015 to fiscal 2016. In addition, corporate travel has been reduced to $12,161 from $75,167, and marketing costs have been reduced to $43,909 from $118,580, all as a result of focusing on reducing spending where possible.

On July 16, 2015 the Company received Tanzanian Shillings ("TSh") 253,000,000 (approximately C$150,000) from the Tanzanian Revenue Authority in relation to VAT refunds.

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 Loss	Basic and Diluted Loss per Share from Operations and Net Loss per Share
March 31, 2016	$ (608,823)	$ (603,823)	$ (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)
December 31, 2014	(2,086,421)	(2,086,421)	(0.02)
September 30, 2014	(627,726)	(627,726)	(0.00)
June 30, 2014	$ (358,503)	$ (358,503)	$ (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. 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, 2016

The quarter ended March 31, 2016 ("Q416") reflects a similar level of activity as in the quarter ended March 31, 2015 ("Q415").

The loss for the three months ended March 31, 2015 was $608,823, slightly more than the loss for the three months ended March 31, 2015 of $588,099.

Exploration costs of $407,173 have increased from Q415 levels of $343,836 as a result of higher consulting costs to further analyse the projects. This increase was offset by decreases in all other expenses categories as the Company sought to reduce administrative expenses.

In addition, a foreign exchange gain of $27,925 in Q416 was a positive move relative to the loss of $42,677 in Q415. These gains and losses are due to currency volatility.

Finally, the provision for VAT receivables was decreased in Q415 resulting in a recovery of $108,123. In Q416 the provision for VAT receivables was increased by $80,094 to reflect the credit risk associated with these amounts.

Capital expenditures during the quarters and years ended March 31, 2015 and 2016 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 transaction on the Namibian projects. Management is currently reviewing 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, 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 funds raised 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, 2016.

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, 2016.

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, 2016. 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, 2016.

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*." 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 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, 2016.

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, 2016. 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 (2015 - $190,294). 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, 2016.

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, 2016. 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 $55,000 (2015 – $81,850) from Vector Corporate Finance Lawyers, a law firm in which the Corporate Secretary of the Company is a partner. $26,000 of this amount was payable at March 31, 2016 (2015 – $nil) and was included in accounts payable.

b) Key management personnel

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management includes the Company's directors and members of the senior management group. Details of key management personnel compensation is as follows:

	Year ended March 31, 2016	Year ended March 31, 2015
Salaries and short-term employee benefits, including amounts recorded as exploration costs	$ 488,800	$ 570,684
Directors' fees	39,000	46,500
Operator fees for the SMP to Plinian Capital	393,000	276,273
Share-based payments	--	155,000
	$ 920,800	$ 1,048,457

Apart from legal services, $648,800 was payable to related parties at March 31, 2016 and is included in accounts payable and accrued liabilities (2015 – $17,000).

OUTSTANDING SHARE DATA

The following section updates the Outstanding Share Data provided in the audited consolidated financial statements for the year ended March 31, 2015.

Common Shares:	
Shares outstanding at March 31, 2016	238,078,959
Warrant exercises on May 4 & June 13, 2016 at $0.05 per share	11,500,000
Shares outstanding at July 28, 2016	249,578,959
Stock Options:	
Options outstanding at March 31, 2016	8,700,000
Expiry of options exercisable at $0.45	(1,300,000)
Options outstanding at July 28, 2016	7,400,000
Warrants:	
Warrants outstanding at March 31, 2016	21,238,000
Expiry, of warrants on July 25, 2016 at $0.10	(1,188,000)
Expiry, of warrants on June 13, 2016 at $0.05	(8,550,000)
Exercises on May 4 & June 13, 2016 at $0.05 per share	(11,500,000)
Warrants outstanding at July 28, 2015	nil

APPROVAL

Chris MacKenzie, M.Sc., C.Geol., Helio's COO 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