



HELIO RESOURCE CORP.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended March 31, 2018 and 2017

Expressed in Canadian dollars



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Helio Resource Corp.

We have audited the accompanying consolidated financial statements of Helio Resource Corp, which comprise the consolidated statements of financial position as at March 31, 2018 and 2017 and the consolidated statements of comprehensive income (loss), changes in equity, and cash flows for the years ended March 31, 2018 and 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence that we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Helio Resource Corp. as at March 31, 2018 and 2017, and its financial performance and its cash flows for the years ended March 31, 2018 and 2017, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Helio Resource Corp.'s ability to continue as a going concern.

DALE MATHESON CARR-HILTON LABONTE, LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
July 26, 2018

Helio Resource Corp.

(An Exploration Stage Company)

Consolidated Statements of Financial Position

Canadian Dollars

ASSETS	March 31, 2018	March 31, 2017
Current assets		
Cash	\$ 328,118	\$ 312,324
Receivables and prepaids (Note 7)	25,760	103,389
Marketable securities (Note 8)	25,000	910,892
	<u>378,878</u>	<u>1,326,605</u>
Non-current assets		
Security deposits	-	32,964
Property and equipment (Note 9)	2,118	4,288
Mineral property acquisition costs (Note 10)	-	1,603,317
	<u>\$ 380,996</u>	<u>\$ 2,967,174</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 123,130	\$ 43,523
Accrued liabilities	363,227	352,407
Due to related parties (Note 14)	85,959	61,579
	<u>572,316</u>	<u>457,509</u>
EQUITY		
Share capital (Note 12)	45,805,187	45,805,187
Contributed surplus	11,747,472	11,747,472
Accumulated other comprehensive income	(25,000)	404,892
Deficit	(57,718,979)	(55,447,886)
	<u>(191,320)</u>	<u>2,509,665</u>
	<u>\$ 380,996</u>	<u>\$ 2,967,174</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.

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Consolidated Statement of Comprehensive Income (Loss)

Canadian Dollars

	For the year ended March 31, 2018	For the year ended March 31, 2017
Expenses		
Amortization (Note 9)	\$ 2,170	\$ 11,321
Exploration costs (Note 11)	482,991	976,717
Filing and transfer agent fees	18,430	18,031
Professional fees (Note 14.a)	255,997	61,165
Marketing	7,679	18,965
Office and miscellaneous	40,647	67,680
Salaries, directors fees & consulting (Note 14.b)	182,990	247,350
Travel	4,803	27,096
	(995,707)	(1,428,325)
Other income / (loss):		
Interest income	151	4,848
Foreign exchange gain / (loss)	(11,069)	18,777
Gain on sale of Damara Gold Project (Notes 8 & 10.e)	-	1,003,488
Gain on debt settlement (Notes 12.a & 14)	-	233,080
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)	(23,271)	(13,903)
Provision for GST receivable (Note 7)	(67,772)	-
	(1,275,386)	1,246,290
Net loss for the year	\$ (2,271,093)	\$ (182,035)
Other comprehensive income items:		
Realized gain on marketable securities	(429,892)	-
Unrealized gain on marketable securities (Note 8)	-	429,892
Comprehensive (loss) / income for the year	\$ (2,700,985)	\$ 247,857
Net loss per share - basic and diluted	\$ (0.217)	\$ (0.018)
Weighted average number of common shares outstanding:	10,449,318	10,098,325

- See accompanying notes -

Helio Resource Corp.

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Consolidated Statements of Changes in Equity

Canadian Dollars

	Number of Common Shares	Share Capital (Note 12)	Contributed Surplus	Accumulated Other Comprehensive Income / (Loss)	Deficit	Total
March 31, 2016	9,523,158	\$ 44,666,846	\$ 11,961,193	\$ (25,000)	\$ (55,265,851)	\$ 1,337,188
Warrants exercised	460,000	575,000	-	-	-	575,000
Shares issued to settle debt	466,160	349,620	-	-	-	349,620
Fair value transfer on exercise of warrants	-	213,721	(213,721)	-	-	-
Other comprehensive income	-	-	-	429,892	-	429,892
Loss for the year	-	-	-	-	(182,035)	(182,035)
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)

- See accompanying notes -

Helio Resource Corp.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

Canadian Dollars

	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash flows from operating activities		
Net loss for the year:	\$ (2,271,093)	\$ (182,035)
Non-operating interest income	(151)	(4,848)
Items not affecting cash:		
Amortization	2,170	11,321
Provision for VAT receivable	23,271	13,903
Provision for GST receivable	67,772	-
Gain on debt settlement	-	(233,080)
Write-down of mineral property acquisition costs	1,603,317	-
Gain realized on sale of marketable securities	(429,892)	-
Gain on sale of Damara project	-	(1,003,488)
Changes in non-cash working capital:		
Receivables and prepaids	(13,414)	(56,685)
Accounts payable and accrued liabilities	90,427	(286,923)
Due to / from related parties	24,380	(194,283)
Cash used in operating activities	(903,213)	(1,936,118)
Cash flows from investing activities		
Purchase of property and equipment	-	(2,394)
Sale of property and equipment	-	134,901
Interest received	151	40,804
Security deposits	32,964	-
Proceeds from sale of marketable securities	885,892	422,488
Cash provided by investing activities	919,007	595,799
Cash flows from financing activities		
Proceeds from the exercise of warrants	-	924,620
Cash provided by financing activities	-	924,620
Net change in cash	15,794	(415,699)
Cash - beginning of year	312,324	728,023
Cash - end of year	\$ 328,118	\$ 312,324
Cash is composed of:		
Cash	\$ 22,002	\$ 6,919
Deposits held by financial institution	306,116	305,405
	\$ 328,118	\$ 312,324

- See accompanying notes -

Helio Resource Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

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. On June 19, 2017, the Company was subject to an offer to acquire 100% of its issued and outstanding shares (Note 12.a). This offer was rescinded by the offeror on August 18, 2017.

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. The Company has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. As at March 31, 2018, the Company has no source of revenue, has a deficit of \$57,718,979 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 (Note 8), 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, 2018. These consolidated financial statements were approved for issuance by the Company's Board of Directors on July 26, 2018.

Helio Resource Corp.

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Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

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
Motor vehicles	5 years
Office equipment	3 to 7 years
Leasehold improvements	Term of the related lease

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.

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Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

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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, 2018

Expressed in Canadian dollars

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial Instruments

Financial assets and liabilities are initially recognized at fair value on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Measurement in subsequent periods depends on the financial instrument's classification. The Company's cash is classified as loans and receivables.

Receivables and short-term deposits are classified as loans and receivables and are thus recorded at amortized cost, net of anticipated collection costs, if any.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in profit or loss. Marketable securities are classified as available for sale.

Accounts payable, due to related parties, and accrued liabilities are initially recorded at fair value and subsequently measured at amortized cost.

Financial instrument fair values are classified within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- | | |
|---------|--|
| Level 1 | Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; |
| Level 2 | Valuation based on directly or indirectly observable inputs (other than Level 1 inputs) such as quoted interest or currency exchange rates; and |
| Level 3 | Valuation based on significant inputs that are not based on observable market data such as discounted cash flow methodologies based on internal cash flow forecasts. |

j) Impairment of Financial Assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss.

For financial assets carried at amortized cost, the loss is the difference between the amortized cost of the receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event or condition occurring after the impairment was recognized.

Helio Resource Corp.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) 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.

l) 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.

m) 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.

n) 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.

Helio Resource Corp.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) New Accounting Standards

The following new standards, and amendments to standards and interpretations, were first effective for the year ended March 31, 2018, and so have been applied in preparing these consolidated financial statements.

IAS 7, Statement of Cash Flows: This amended standard requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

IAS 12, Income Taxes: The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. As the Company has no debt instruments, the Company anticipates that this change will have no impact on the financial statements.

The following are expected changes to IFRS that have been announced and are most likely to have some impact on the Company's financial statements. 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.

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.

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 not yet assessed the future impact of this new standard on its financial statements.

Helio Resource Corp.

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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.

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, 2018, with the exception of four licences classified as "Retention Licences" under the Tanzanian Mining Act (2010).

Changes to the 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.

Helio Resource Corp.

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4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

b) Impairment of mineral property acquisition costs (continued)

The Tanzanian government has formed a Commission to make recommendations for the way forward with regards to the ground covered by Retention Licences. Helio'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.

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 full 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. 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.

Helio Resource Corp.

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Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

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4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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.

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

a) Categorization and valuation

The Company has categorized its financial instruments as follows:

- i) Cash, receivables and security deposits are categorized as loans and receivables, and are recorded at amortized cost using the effective interest rate method. Due to the short-term nature of current receivables, the Company estimates that their fair value approximates their face value. Marketable securities that are classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss, except for losses in value that are considered other than temporary which are recognized in net income or loss.
- ii) Accounts payable, due to related parties, and accrued liabilities are categorized as other financial liabilities and are recorded at their amortized cost using the effective interest rate method. Due to the short-term nature of accounts payable, due to related parties, and accrued liabilities, the Company estimates that their fair value approximates their face value.

b) 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, 2018, 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. See also Note 2, Going Concern.

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6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

b) 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, 2018	March 31, 2017
<i>Financial instruments exposed to credit risk:</i>		
Cash	\$ 328,118	\$ 312,324
Receivables	-	65,413
Security deposits	-	32,964
<i>Amounts that are not financial instruments, but are subject to credit risk:</i>		
VAT and GST Receivables	-	6,424
	\$ 328,118	\$ 417,125

The maximum exposure to credit risk on financial assets and liabilities and other monetary items as at March 31, 2018 is \$328,118 (2017 – \$417,125). 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, 2017 or 2018 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)

b) 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, 2018		March 31, 2017	
	USD	TZS	USD	TZS
Cash	10,565	65,289,554	51,128	17,273,436
Accounts payable, due to related party & accrued liabilities	(241,122)	(48,988,224)	(253,908)	(11,773,714)
Total in foreign currency	(230,557)	16,301,330	(202,780)	5,499,722
CAD Exchange rate	0.7760	1,745.47	0.7505	1,717.91
Net exposure in equivalent CAD	\$ (297,110)	\$ 9,339	\$ (270,188)	\$ 3,201

Based on year-end closing asset and liability balances, the Company's largest foreign currency exposure as at March 31, 2018 is to the US dollar. A 1% increase in the USD:CAD exchange rate would increase the net loss by \$2,970. 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, 2018	March 31, 2017
Prepaid expenses	\$ 25,760	\$ 31,552
Receivables	-	65,413
Sales tax receivable - Canada	-	6,424
	<u>\$ 25,760</u>	<u>\$ 103,389</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 and Canada pertaining to the refundability of the amounts that the Company is claiming. As a result, a cumulative provision of \$363,000 (March 31, 2017 - \$309,000) 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

As part of the mineral property option agreement with Damara Gold Corp. ("Damara"), the Company received 500,000 shares of Damara in two tranches, 250,000 on July 9, 2015 and 250,000 on July 26, 2014. The total initial fair value on receipt of the shares was \$50,000. This agreement is further described in Note 10.e).

In addition, the Company received two tranches of 17,717,857 shares each of Osino Resources Corp. ("Osino"), a private corporation, as part of the transaction whereby Helio, Damara and Osino Resources Corp. agreed to merge their respective interests in Namibia. The Company assigned one of the tranches of shares to a third party on closing the transaction in exchange for cash proceeds of \$456,000. The Company assigned the second tranche of shares to a series of third parties on May 5, 2017 in exchange for cash proceeds of \$885,892.

Company name	# of shares	Fair value at March 31, 2018	Fair value at March 31, 2017
Damara Gold Corp.	500,000	\$25,000	\$25,000
Osino Resources Corp.	--	--	885,892
		<u>\$25,000</u>	<u>\$910,892</u>

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9. PROPERTY AND EQUIPMENT

	Field equipment	Office equipment	Leasehold improvements	Motor vehicle	Total
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	\$ 81,062	\$ 205,323	\$ 462,286
Accumulated amortization	(76,293)	(97,490)	(81,062)	(205,323)	(460,168)
At March 31, 2018	\$ 811	\$ 1,307	\$ --	\$ --	\$ 2,118
2017					
Net book value					
At March 31, 2016	\$ 2,712	\$ 18,988	\$ --	\$ 1,415	\$ 84,076
Additions	--	1,680	--	--	1,680
Disposals	--	(9,186)	--	--	(9,186)
Amortization	(951)	(8,955)	--	(1,415)	(11,321)
At March 31, 2017	\$ 1,761	\$ 2,527	\$ --	\$ --	\$ 4,288
Consisting of					
Cost	\$ 91,798	\$ 123,073	\$ 81,062	\$ 205,323	\$ 501,256
Accumulated amortization	(90,036)	(120,547)	(81,062)	(205,323)	(496,968)
At March 31, 2017	\$ 1,762	\$ 2,526	\$ --	\$ --	\$ 4,288

In conjunction with the sale of the DGP to Osino (Note 10.e), Helio disposed of fully depreciated equipment in Namibia with cost and accumulated amortization of \$189,430.

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 and 2016	\$ 396,818	\$ 291,500	\$ 914,999	\$ 1,603,317
Impairment (Note 4.b)	(396,818)	(291,500)	(914,999)	(1,603,317)
March 31, 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.

e) Namibia

On March 27, 2014, the Company signed a Letter of Intent (the "LOI") with Damara Gold Corp. ("Damara") whereby Damara could earn up to a 60% interest in Helio's Damara Gold and Tin Project ("DGP") in Namibia. By issuing 1,500,000 shares (500,000 received at March 31, 2017) and by spending \$1,500,000 on exploration over 3 years, Damara could have earned an initial 51% interest in the DGP.

On February 18, 2016, Helio announced that both Helio and Damara agreed to transfer their respective interests in the DGP to Osino Resources Corp. ("Osino"), a privately held corporation. In order to effect this transaction, Damara and Helio agreed to cancel the earn in agreement established under the March 27, 2014 LOI. In exchange for transferring its interest to Osino, Helio received total proceeds of \$125,000 in cash and 35,435,714 shares of Osino (Note 8) with an initial fair value of \$912,000. After deducting costs of \$33,512, the transaction resulted in a net gain on sale of \$1,003,488. At closing of the transfer, Helio agreed to assign 50% of its interest in Osino to a third party in exchange for a cash payment of \$456,000. The transfer and assignment transactions closed on May 31, 2016. The Company sold its remaining Osino shares to a series of third parties on May 5, 2017 in exchange for cash proceeds of \$885,892. Namibian mineral properties were obtained by prospecting or earn-in without any capitalised cash or share payments.

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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. The operating agreement calls for fees of \$75,000 USD per quarter which were initiated on July 1, 2014. This fee was reduced to \$37,500 USD per quarter starting in July, 2016, and was placed on hold, effective October 1, 2017.

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

Year ended March 31, 2017	Tanzania		Total
	Saza	Makongolosi	
Field expenses and consumables	\$ 1,370	\$ 3,631	\$ 5,001
Geological consulting	25,465	58,078	83,543
Licence and permits	36,212	118,140	154,352
Metallurgical testing	30,176	15,088	45,264
Operator fee	75,496	169,866	245,362
Salaries and wages	88,239	276,459	364,689
Exploration office expenses	21,950	56,547	78,497
Total costs for the year ended March 31, 2017:	\$ 278,908	\$ 697,809	\$ 976,717

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12. SHARE CAPITAL

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

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.

In June 2016, 460,000 warrants were exercised at \$1.25 for proceeds to the Company of \$575,000.

In October 2016, 82,160 shares were issued to management and directors to settle an aggregate amount of \$102,700 owed to them for deferred fees and salaries. In addition, in November 2016, a further 384,000 shares were issued to Plinian, to settle an amount of \$480,000 owing to them. In both instances, the shares were issued at an agreed value of \$1.25, but had a fair value of \$0.75. As a result of the fair value being lower than the agreed value, Helio realized a gain on debt settlement of \$233,080.

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.

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12. SHARE CAPITAL (CONTINUED)

b) Share-based payments (continued)

Details of stock option activity are as follows:

	Number of Options	Weighted Average exercise price
Outstanding, March 31, 2016	348,000	\$ 4.00
Cancelled	(76,000)	\$ 3.00
Expired	(52,000)	\$11.25
Outstanding, March 31, 2017	220,000	\$ 2.75
Expired	(48,000)	\$ 6.25
Outstanding, March 31, 2018	172,000	\$ 1.75

No options were granted or exercised during the years ended March 31, 2018 or 2017.

The following table summarizes information about stock options outstanding to directors, officers, employees and consultants as at March 31, 2018:

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	1.50	172,000

c) Share Purchase Warrants

Details of share purchase warrant activity is as follows:

	Number of warrants	Weighted average exercise price
As at March 31, 2016	849,520	\$1.25
Exercised	(460,000)	\$1.25
Expired	(389,520)	\$1.25
As at March 31, 2017 and March 31, 2018	Nil	--

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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, 2018		March 31, 2017	
Canada	\$	316,814	\$	1,269,352
Tanzania		64,182		1,697,822
	\$	380,996	\$	2,967,174

Cash amounting to \$279,272 (March 31, 2017 - \$240,114) was held in Canada, with lesser amounts being held in Tanzania.

Capital assets, including mineral properties, by geographic area:

	March 31, 2018		March 31, 2017	
Canada	\$	550	\$	1,108
Tanzania		1,568		1,606,497
	\$	2,118	\$	1,607,605

Net loss by geographic area:

	Year ended March 31, 2018		Year ended March 31, 2017	
Canada	\$	(125,361)	\$	(148,278)
Namibia *		-		1,003,488
Tanzania		(2,145,732)		(1,037,245)
	\$	(2,271,093)	\$	(182,035)

*The income is in relation to the sale of the Company's interests in the Damara Gold Project to Osino further described in Note 10.e).

Exploration expenses by geographic area:

	Year ended March 31, 2018		Year ended March 31, 2017	
Tanzania	\$	482,991	\$	976,717

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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 period, the Company received legal services of approximately \$113,500 (2017 – \$38,300) from a law firm, in which the Corporate Secretary of the Company is a partner. \$71,400 was payable at March 31, 2018 in relation to these amounts (March 31, 2017 - \$nil).

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, 2018	March 31, 2017
Salaries and short-term employee benefits, including amounts recorded as exploration costs	\$ 133,200	\$ 343,700
Downsizing cost	--	192,800
Directors' fees	24,000	71,000
Gain on debt settlement	--	(233,080)
Operator fees	49,913	245,400
	<u>\$ 207,113</u>	<u>\$ 619,820</u>

As further described in Note 12. a), a total of 466,160 shares were issued to management, directors and Plinian in October and November 2016, in order to settle an aggregate amount of \$582,700 owed to them for deferred salaries, fees and operator fees respectively. The parties agreed to forgive \$1.25 worth of debt owed to Helio for each Helio share delivered, but each share had a fair value of only \$0.75. As a result of the fair value being lower than the agreed value, Helio realized a gain on debt settlement of \$233,080.

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

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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, 2018	March 31, 2017
Net loss for the year	\$ (2,271,093)	\$ (182,035)
Statutory tax rate in Canada	26.25%	26.00%
Expected income tax recovery	(596,162)	(47,329)
Additions and deductions:		
Non-deductible expenses	1,008	2,465
Income subject to capital gains rate	(56,423)	
Non-taxable (income) / expenditures	90,385	(88,245)
Deduction of share issuance costs	(19,396)	(19,211)
Effect of different foreign statutory tax rates on earnings of subsidiaries	(12,285)	(13,319)
Effect of change in tax rate on temporary differences	(27,343)	--
Foreign exchange loss / (gain) on the components of the future tax assets and liabilities denominated in foreign currencies	133,066	(3,782)
Income tax benefits not recognized	487,150	169,421
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	409,798	Canada
No expiry	23,804,280	Tanzania
	<u>\$ 35,387,743</u>	

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15. INCOME TAXES (CONTINUED)

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

	March 31, 2018	March 31, 2017
Non-capital losses	\$ 10,181,943	\$ 10,060,007
Share issuance costs	16,811	35,863
VAT Receivable	88,615	86,421
Mineral properties	--	(352,222)
Property and equipment	41,828	11,977
Net unrecognized deferred income tax assets	\$ 10,329,197	\$ 9,842,046

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