

Form 62-103F1

REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS

State if the report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

Not applicable.

Item 1 - Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

Securities: common shares ("**Common Shares**")

Issuer: Helio Resource Corp. ("**Helio**" or the "**Issuer**")
Suite 580 – 625 Howe Street
Vancouver, BC V6C 2T6

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Not applicable.

Item 2 - Identity of the Acquiror

2.1 State the name and address of the Acquiror

Palamina Corp. ("**Palamina**")
145 King Street West, Suite 2870
Toronto, Ontario M5H 1J8

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On September 19, 2019 Palamina acquired beneficial ownership and control of Common Shares of the Issuer pursuant to a property sale and purchase agreement dated May 14, 2019 (the "**Purchase Agreement**"), pursuant to which Palamina sold all of its interests in its Peruvian mining applications and concessions known as the Gaban Gold Project and the Tinka IOCG Project to the Issuer in exchange for 10,000,000 Common Shares of the Issuer (the "**Transaction**"). Under the terms of the Purchase Agreement, Palamina will receive a total of 10,000,000 Common Shares of Helio ("**Helio Shares**") and a 2% Net Smelter Return Royalty ("**NSR**") on each project. Helio retains the right to buy back 1% of the NSR for \$1,000,000 per project. A total of 5,000,000 Helio Shares have been issued to Palamina, with the balance to be issued within two years of closing on completion of future equity financings by Helio or by way of Helio shareholder approval.

2.3 State the names of any joint actors.

Not applicable.

Item 3 - Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror's security holding percentage in the class of securities.

Palamina acquired 5,000,000 Common Shares of the Issuer representing approximately 15.4% of the Issuer's current issued and outstanding Common Shares. Palamina did not hold any securities of the Issuer prior to the Transaction.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.

Acquired ownership.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Immediately before the Transaction, Palamina did not hold any securities of the Issuer.

Following the Transaction, Palamina holds 5,000,000 Common Shares of the Issuer representing approximately 15.4% of the Issuer's current issued and outstanding Common Shares.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

Palamina has direct ownership of 5,000,000 Common Shares representing 15.4% of the outstanding Common Shares.

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.

- (c) **the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

- 3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

Not applicable.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

Not applicable.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

Item 4 - Consideration Paid

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

Palamina received 5,000,000 Common Shares of the Issuer as partial consideration for transferring to the Issuer all of Palamina's right, title and interest in and to the Properties.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

See Item 4.1.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

Not applicable.

Item 5 - Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer's business or corporate structure;**
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- (j) a solicitation of proxies from securityholders;**
- (k) an action similar to any of those enumerated above.**

The 5,000,000 Common Shares were acquired by Palamina as partial consideration for the Properties. Palamina may, from time to time, take such actions in respect of its holdings in securities of the Issuer as it may deem appropriate in light of the circumstances then existing, including (i) acquiring, exercising, converting, exchanging, selling or otherwise disposing of securities of the Issuer or securities exercisable for, or convertible or exchangeable into, securities of Issuer, and (ii) developing plans or

intentions or taking actions which relate to or would result in one or more of the transactions or matters referred to in paragraphs (a) through (k) above.

Item 6 - Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

Item 7 - Change in material fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item 8 - Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and described the facts supporting that reliance.

Not applicable.

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Certificate

I, as the Acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Date: September 19, 2019

PALAMINA CORP.

"Andrew Thomson"

Per: _____

Andrew Thomson