



HELIO RESOURCE CORP.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended March 31, 2015 and 2014

Expressed in Canadian dollars



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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, 2015 and 2014 and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years ended March, 31, 2015 and 2014, 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, 2015 and 2014, and its financial performance and its cash flows for the years ended March 31, 2015 and 2014, 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.

DMCL

DALE MATHESON CARR-HILTON LABONTE, LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
July 28, 2015

Helio Resource Corp.

(An Exploration Stage Company)

Consolidated Statements of Financial Position

Canadian Dollars

ASSETS	March 31, 2015	March 31, 2014
Current assets		
Cash	\$ 1,260,964	\$ 284,492
Short-term deposits	73,705	101,070
Receivables and prepaids (Note 7.a)	269,977	80,020
Marketable securities (Note 8)	27,500	-
	<hr/> 1,632,146	<hr/> 465,582
Non-current assets		
VAT receivable (Note 7.b)	21,562	141,757
Security deposits	32,964	60,964
Property and equipment (Note 9)	84,076	138,606
Mineral property acquisition costs (Note 10)	1,603,317	1,603,317
	<hr/> \$ 3,374,065	<hr/> \$ 2,410,226
<hr/>		
LIABILITIES		
Current liabilities		
Accounts payable	\$ 740,237	\$ 162,109
Accrued liabilities	370,757	282,571
	<hr/> 1,110,994	<hr/> 444,680
<hr/>		
EQUITY		
Share capital (Note 12)	43,299,900	40,252,475
Contributed surplus	12,347,037	11,426,188
Accumulated other comprehensive loss	(10,000)	-
Deficit	(53,373,866)	(49,713,117)
	<hr/> 2,263,071	<hr/> 1,965,546
	<hr/> \$ 3,374,065	<hr/> \$ 2,410,226

Going Concern (Note 2)

Commitments (Note 16)

Subsequent Events (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 Statements of Loss and Comprehensive Loss

Canadian Dollars

	For the year ended March 31, 2015	For the year ended March 31, 2014
Expenses		
Amortization (Note 9)	\$ 95,530	\$ 116,779
Exploration costs (Note 11)	2,551,481	1,045,421
Filing and transfer agent fees	25,271	19,395
Professional fees (Note 14)	114,606	122,289
Marketing	118,580	110,185
Office and miscellaneous	113,767	104,833
Salaries, directors' fees and consulting (Note 14)	408,121	429,096
Share based payments (Note 12.b)	148,076	23,982
Travel, meals and entertainment	75,167	6,707
	<u>(3,650,599)</u>	<u>(1,978,687)</u>
Other income / (loss):		
Interest income	12,920	11,079
Foreign exchange loss	(41,978)	(25,838)
Recovery of (Provision for) VAT receivable	18,908	(9,590)
Gain on disposition of equipment	-	10,143
	<u>(10,150)</u>	<u>(14,206)</u>
Loss for the year	(3,660,749)	(1,992,893)
Other comprehensive loss:		
Revaluation of marketable securities (Note 8)	(10,000)	-
Comprehensive loss for the year	\$ (3,670,749)	\$ (1,992,893)
Loss per share - basic and diluted	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding:		
	<u>198,941,359</u>	<u>132,904,329</u>

- See accompanying notes -

Helio Resource Corp.

(An Exploration Stage Company)

Consolidated Statements of Changes in Equity

Canadian Dollars

	Number of Common Shares	Share Capital (Note 12)	Deferred Share Issuance Costs	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
April 1, 2013	110,602,959	\$ 39,022,028	\$ (10,956)	\$ 10,927,467	\$ -	\$ (47,720,224)	\$ 2,218,315
Private placement	25,000,000	1,266,065	-	483,935	-	-	1,750,000
Share issuance costs	-	(35,618)	10,956	(13,614)	-	-	(38,276)
Stock option vesting	-	-	-	28,400	-	-	28,400
Loss for the year	-	-	-	-	-	(1,992,893)	(1,992,893)
March 31, 2014	135,602,959	40,252,475	-	11,426,188	-	(49,713,117)	1,965,546
Private placement	80,100,000	3,183,128	-	821,872	-	-	4,005,000
Share issuance costs	2,376,000	(135,703)	-	(65,712)	-	-	(201,415)
Stock option vesting	-	-	-	164,689	-	-	164,689
Loss for the year	-	-	-	-	(10,000)	(3,660,749)	(3,670,749)
March 31, 2015	218,078,959	\$ 43,299,900	\$ -	\$ 12,347,037	\$ (10,000)	\$ (53,373,866)	\$ 2,263,071

- See accompanying notes -

Helio Resource Corp.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

Canadian Dollars

	For the year ended March 31, 2015	For the year ended March 31, 2014
Cash flows from operating activities		
Loss for the year:	\$ (3,660,749)	\$ (1,992,893)
Non-operating interest income	(12,920)	(11,079)
Items not affecting cash:		
Amortization	95,530	116,779
Provision for VAT receivable	(18,908)	9,590
Gain on disposition of equipment	-	(10,143)
Exploration recovery received in shares	(37,500)	-
Share-based payments (Note 12.b)	164,689	28,400
Changes in non-cash working capital:		
Receivables and prepaids	(189,957)	108,844
Accounts payable and accrued liabilities	666,314	(45,144)
Changes in non-current operating assets:		
VAT receivable	139,103	(109,038)
Cash used in operating activities	<u>(2,854,398)</u>	<u>(1,904,684)</u>
Cash flows from investing activities		
Purchase of property and equipment	(41,000)	(676)
Sale of property and equipment	-	95,118
Purchase of short-term deposits	(1,050,000)	(150,000)
Redemption of short-term deposits	1,080,000	150,000
Interest received	10,285	10,109
Security deposits	28,000	8,778
Cash provided by investing activities	<u>27,285</u>	<u>113,329</u>
Cash flows from financing activities		
Proceeds from the issuance of shares and warrants	4,005,000	1,750,000
Share issuance costs	(201,415)	(38,275)
Cash provided by financing activities	<u>3,803,585</u>	<u>1,711,725</u>
Net change in cash	976,472	(79,630)
Cash - beginning of year	<u>284,492</u>	<u>364,122</u>
Cash - end of year	<u>\$ 1,260,964</u>	<u>\$ 284,492</u>
Cash is composed of:		
Cash	\$ 12,401	\$ 11,330
Deposits held by financial institution	1,248,563	273,162
	<u>\$ 1,260,964</u>	<u>\$ 284,492</u>

- See accompanying notes -

Helio Resource Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended March 31, 2015

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 and the Damara Gold Project ("DGP") in Namibia.

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 Namibia and 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, 2015, the Company has no source of revenue, has a deficit of \$53,373,866 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 additional funds subsequent to March 31, 2015 (Note 17), 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 advantageous 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, 2015. These consolidated financial statements were approved for issuance by the Board of Directors on July 28, 2015.

Helio Resource Corp.

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Notes to the Consolidated Financial Statements

For the year ended March 31, 2015

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., BAFEX Exploration (Proprietary) Limited, 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 judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement 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) Short-term deposits

Short-term deposits include amounts held as cashable term deposits in banks with maturities at date of purchase of between 90 days and one year.

f) 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 loss.

Helio Resource Corp.

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Notes to the Consolidated Financial Statements

For the year ended March 31, 2015

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) 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.

h) 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, our 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.

i) 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 loss.

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Notes to the Consolidated Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) 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 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.

k) 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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Notes to the Consolidated Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) 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.

m) 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.

n) 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.

o) 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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Notes to the Consolidated Financial Statements

For the year ended March 31, 2015

Expressed in Canadian dollars

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) New Accounting Standards

The following 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.

IAS 32, Financial Instruments: Presentation: This standard has been amended to clarify requirements for offsetting financial assets and liabilities. It is effective for annual periods beginning on or after January 1, 2014.

IAS 36, Impairment of Assets: This standard was amended to address the disclosures required regarding the recoverable amount of impaired assets or cash generating units for periods in which an impairment loss has been recognized or reversed.

IFRIC Interpretation 21, Levies: This is an interpretation of IAS 37 "Provisions, contingent liabilities and contingent assets". The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

The following are expected changes to IFRS that have been announced and are most likely to have some impact on the Company. 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 2, Share-based Payments: This standard was amended to add definitions of performance conditions and service conditions and to amend the definitions of vesting conditions and market conditions. It is effective for annual periods beginning on or after July 1, 2014.

IFRS 7, Financial Instruments: Disclosures: This standard was amended to require additional disclosures on transition from IAS 39 and IFRS 9. It is effective for annual periods beginning on or after January 1, 2015.

IFRS 9, Financial Instruments: This new standard replaces IAS 9 and describes classification and measurement of financial instruments. It is effective for annual periods commencing on or after January 1, 2018.

IAS 16, Property, plant and equipment, and

IAS 38, Intangible Assets: This amendment to both IAS 16 and IAS 38 establishes the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Also, it clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets. It is effective for annual periods beginning on or after January 1, 2016.

IAS 24, Related party disclosures: This amendment modifies the definitions and disclosure requirements for key management personnel, and is effective for annual periods beginning on or after July 1, 2014.

Helio Resource Corp.

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4. SIGNIFICANT JUDGEMENTS, 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 judgement is that there is no impairment of mineral property acquisition costs. Costs capitalised are 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. The Company has investigated ownership of its mineral properties and in management's judgement, ownership of its mineral property interests are in good standing at March 31, 2015. 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.

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4. SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

c) Receivables and VAT receivable

The Company is continuing to pursue refunds of VAT paid in Namibia and Tanzania. 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 substantial provisions against these receivables. Management's estimation of recoverability of VAT receivable is subject to risks and uncertainties based on global economic factors and on possible future tax assessments in Namibia and Tanzania. 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 that, at times, experience low trading volumes. As such, the last closing price, which is used to determine the fair value of the marketable securities, may not be an accurate measure of the 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 judgement 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 judgement.

g) Classification of financial instruments

The classification of a financial instrument depends on its nature, as well as on management's judgement 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.

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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, short-term deposits, 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 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 profit or loss.
- ii) Accounts payable 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 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, 2015, the Company's only financial liabilities are accounts payable 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, 2015	March 31, 2014
<i>Financial instruments exposed to credit risk:</i>		
Cash	\$ 1,260,964	\$ 284,492
Short-term deposits	73,705	101,070
Receivables	6,427	12,123
Security deposits	32,964	60,964
<i>Amounts that are not financial instruments, but are subject to credit risk:</i>		
VAT and GST Receivables	235,009	163,539
	<u>\$ 1,609,069</u>	<u>\$ 622,188</u>

The maximum exposure to credit risk on financial assets and liabilities and other monetary items as at March 31, 2015 is \$1,609,069 (2014 – \$622,188). 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. A decrease in the market interest rate of 10 basis points (0.1%) results in an increase in the fair value of \$100 as at March 31, 2015 (2014 – \$100).

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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), Tanzanian shillings (TZS), and Namibian dollars (NAD). 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 and NAD. In order to reduce 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, 2015			March 31, 2014		
	USD	TZS	NAD	USD	TZS	NAD
Cash	545,571	53,453,534	1,092,554	8,070	28,348,244	880
Receivables	-	-	215,639	-	12,635,189	62,947
Long-term VAT receivable	-	285,385,959	-	-	213,966,588	-
Security deposits	-	-	46,400	3,764	26,591,693	102,607
Accounts payable & accrued liabilities	(763,214)	(5,223,847)	(465,641)	(179,016)	(73,138,140)	(156,932)
Total in foreign currency	(217,643)	333,615,646	888,952	(167,182)	208,403,574	9,502
CAD Exchange rate	0.7910	1,499.71	9.5700	0.9043	1509.39	9.5707
Net exposure in equivalent CAD	\$ (275,139)	\$ 222,453	\$ 92,889	\$ (184,873)	\$ 138,071	\$ 993

Based on year-end closing asset and liability balances, the Company's largest foreign currency exposure as at March 31, 2015 is to the US dollar. A 1% increase in the USD:CAD exchange rate would increase the net loss by \$3,000. A 1% increase in the TZS:CAD or NAD:CAD exchange rates would reduce the net loss by \$1,000. In either case, there would have been no impact on other comprehensive loss.

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7. RECEIVABLES AND PREPAIDS

a) Receivables and prepaids

	March 31, 2015	March 31, 2014
Prepaid expenses	\$ 50,103	\$ 46,115
Due from related party	6,427	1,283
Receivables	--	10,840
Sales tax receivable - Tanzania	168,732	--
Sales tax receivable - Namibia	21,563	6,424
Sales tax receivable - Canada	23,152	15,358
	<u>\$ 269,977</u>	<u>\$ 80,020</u>

Sales tax receivables are sales taxes that are expected to be recoverable from the governments in the various jurisdictions within the next year. The *Sales Tax Receivable – Namibia* amounts are past due, but amounts have historically been collected after some delay. A provision has been taken for expected costs of recovery. Full recovery of the amounts shown is expected.

b) VAT receivable

	March 31, 2015	March 31, 2014
Sales tax receivable - Tanzania	<u>\$ 21,562</u>	<u>\$ 141,757</u>

VAT receivable consists of sales tax receivables not expected to be received in the upcoming fiscal year. They have been discounted to their present value, based on the Company's expectation of the likely timing of the receipt of the receivable. In addition, the Company has experienced delays in receiving payment after filing applications for refunds of certain input tax credits in Tanzania. As a result, a provision of \$307,000 (2014 - \$330,000) is offsetting the underlying amount of the receivable in recognition of the credit risk, as well as the anticipated costs of collection.

8. MARKETABLE SECURITIES

As part of the mineral property option agreement with Damara Gold Corp. (formerly Solomon Resources Limited), the Company received 2,500,000 shares of Solomon Resources Limited ("Solomon"), which were received with a fair value of \$37,500. On October 1, 2014 Solomon performed a 10:1 share consolidation and changed its name to Damara Gold Corp. This agreement is further described in Note 10.e).

Company name	# of shares	Fair value at March 31, 2015
Damara Gold Corp. (formerly Solomon Resources Limited)	250,000 post- consolidation shares	\$27,500

Subsequent to March 31, 2015, an additional 250,000 post-consolidation shares of Damara Gold Corp. were received by the Company under the mineral property option agreement.

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9. PROPERTY AND EQUIPMENT

2015	Field equipment	Office equipment	Leasehold improvements	Motor vehicle	Total
Net book value					
At April 1, 2014	\$ 15,493	\$ 4,445	\$ 17,735	\$ 100,933	\$ 138,606
Additions	3,783	37,217	--	--	41,000
Amortization	(15,363)	(10,062)	(17,735)	(52,370)	(95,530)
At March 31, 2015	\$ 3,913	\$ 31,600	\$ --	\$ 48,563	\$ 84,076
Consisting of					
Cost	\$ 91,798	\$ 155,652	\$ 81,062	\$ 394,752	\$ 723,264
Accumulated amortization	(87,885)	(124,052)	(81,062)	(346,189)	(639,188)
At March 31, 2015	\$ 3,913	\$ 31,600	\$ --	\$ 48,563	\$ 84,076
2014	Field equipment	Office equipment	Leasehold improvements	Motor vehicle	Total
Net book value					
At April 1, 2013	\$ --	\$ --	\$ --	\$ --	\$ --
Additions	--	676	--	--	676
Net book value of disposals	(2,192)	(1,041)	(315)	(81,428)	(84,976)
Amortization	(15,445)	(14,789)	(4,342)	(82,203)	(116,779)
At March 31, 2014	\$ 15,493	\$ 4,445	\$ 17,735	\$ 100,933	\$ 138,606
Consisting of					
Cost	\$ 157,465	\$ 166,849	\$ 115,599	\$ 394,756	\$ 834,669
Accumulated amortization	(141,972)	(162,404)	(97,864)	(293,823)	(696,063)
At March 31, 2014	\$ 15,493	\$ 4,445	\$ 17,735	\$ 100,933	\$ 138,606

10. MINERAL PROPERTY ACQUISITION COSTS

	Saza	Saza West	Makongolosi	Namibia ¹	Total
March 31, 2014 and 2015	\$ 396,818	\$ 291,500	\$ 914,999	\$ --	\$ 1,603,317

¹ - Namibian mineral properties were obtained by prospecting or earn-in without any capitalised cash or share payments.

The SMP gold project consists of the areas described in the following sections a) b) c) & d):

a) Saza Licence, Tanzania

On December 19, 2005, the Company signed an option agreement with Thorn Tree Minerals Limited ("Thorn Tree"), a private Tanzanian mining company, through which the Company has earned a 100% interest in the Saza 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.

In order to vest its 100% interest, during the four year earn-in period the Company spent over \$2,000,000 on exploration over 4 years, and made cash and share payments totalling \$396,818 to Thorn Tree.

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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.

In order to vest its 100% interest, during the four year earn-in period the Company issued 1,025,000 common shares at a fair value of \$266,500 and made a cash payment of \$25,000 to Thorn Tree.

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.

In order to earn 100% interests in the licences, over an earn-in period of four years, the Company spent over \$3,000,000 on exploration, issued 150,000 common shares in fiscal 2007 at a fair value of \$120,000, and made cash/share payments with a total fair value of \$914,999 to Dhahabu.

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 with Damara Gold Corp. ("Damara", formerly Solomon Resources Limited) whereby Damara can earn up to a 60% interest in Helio's Damara Gold and Tin Project (DGP) in Namibia. By issuing 1,500,000 shares (250,000 received at March 31, 2015 and 250,000 received subsequent to March 31, 2015) and by spending \$1,500,000 on exploration over 3 years, Damara can earn a 51% interest in the DGP.

By spending an additional \$1,500,000 on exploration and issuing 500,000 additional shares in year four, Damara can earn an additional 9% interest in the DGP. Upon successful completion of an earn-in, the companies will form a joint venture to continue advancing the project.

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11. EXPLORATION COSTS

Plinian Capital LLP (“Plinian”) is now 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 has a term of 18 months, and calls for fees of \$75,000 USD per quarter which were initiated on July 1, 2014.

Year ended March 31, 2015	Tanzania		Namibia	Total
	Saza and Saza West	Makongolosi		
Geochemical Survey and Assays	\$ 59,911	\$ 209,865	\$ 55,709	\$ 325,485
Geophysical Surveys	1,612	3,338	--	4,950
Drilling	275,573	808,061	--	1,083,634
Field Expenses and Consumables	14,030	18,913	715	33,658
Licence and Permits	32,072	102,888	7,958	142,918
Geological Consulting	88,359	165,566	1,102	255,027
Operator Fees	85,005	191,268	--	276,273
Transportation and Travel	17,044	38,145	16,966	72,155
Shipping	7,671	12,876	--	20,547
Salaries and Wages	106,208	274,996	92,560	473,764
Share-based Payments (Note 12)	4,249	11,283	1,081	16,613
Exploration Office Expenses	32,438	75,904	90,426	198,768
Recoveries	--	--	(352,311)	(352,311)
Total Costs (Recoveries) for the Year Ended March 31, 2015:	\$ 724,172	\$ 1,913,103	\$ (85,794)	\$ 2,551,481

Year ended March 31, 2014	Tanzania		Namibia	Total
	Saza and Saza West	Makongolosi		
Geochemical Survey and Assays	\$ 10,772	\$ -	\$ 7,579	\$ 18,351
Geophysical Surveys	2,558	-	1,356	3,914
Drilling	169,077	-	-	169,077
Field Expenses and Consumables	5,363	7,370	300	13,033
Licence and Permits	8,216	27,388	7,663	43,267
Geological Consulting	69,988	-	413	70,401
Transportation and Travel	45,257	71,260	12,526	129,043
Shipping	2,576	2,667	-	5,243
Salaries and Wages	154,757	166,485	72,013	393,255
Share-based Payments (Note 12)	1,314	2,505	597	4,416
Exploration Office Expenses	52,102	57,620	85,699	195,421
Total Costs for the Year Ended March 31, 2014:	\$ 521,980	\$ 335,295	\$ 188,146	\$ 1,045,421

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12. SHARE CAPITAL

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

On May 16, 2013, the Company announced the closing of a \$1.75 million non-brokered private placement. The Company issued 25,000,000 units of the Company at \$0.07 per unit for net proceeds of \$1,711,725 after costs. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.14 for a period of two years from closing. The fair value of the warrants was determined to be \$483,935 and has been recorded in contributed surplus. In connection with this private placement, the Company agreed that a party related to the majority placee will become the operator of the SMP Project as the project approaches the feasibility stage. Operatorship of the project transferred on July 1, 2014 (Note 11). No commissions were paid in connection with this financing.

In addition, the Company closed a \$4.05 million private placement equity financing in two tranches, the first tranche on June 13, 2014, and the second on July 25, 2014. The Company issued a total of 80,100,000 units of the Company at \$0.05 per unit for net proceeds of \$3,047,425 after issuance costs.

Terms were identical for both tranches of the 2014 financing. Each unit consisted of one common share and one half of one common share purchase warrant. Each full warrant entitles the holder to acquire one common share at a price of \$0.10 for a period of two years following the respective closings. The fair value of the warrants was determined to be \$821,872 and has been recorded in contributed surplus. Commissions of 6% in cash and 6% in finders units (2,376,000 units) of the Company (on terms similar to the units), were paid and issued on a portion of the first tranche of the financing. The fair value of the finders units was determined to be \$142,391 and has been recorded as share issuance costs.

Subsequent to year end the exercise price of the warrants was reduced to \$0.05 per share. See Note 17, Subsequent events, for a description of shares issued subsequent to March 31, 2015.

- 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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Notes to the Consolidated Financial Statements

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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, April 1, 2013	6,275,000	\$0.46
Granted	Nil	Nil
Expired	(550,000)	\$0.85
Cancelled	(1,475,000)	\$0.42
Outstanding, March 31, 2014	4,250,000	\$0.42
Granted	5,700,000	\$0.07
Expired	(1,250,000)	\$0.61
Outstanding, March 31, 2015	8,700,000	\$0.16

No options were exercised during the years ended March 31, 2015 and 2014.

The following table summarizes information about stock options outstanding to directors, officers, employees and consultants as at March 31, 2015:

Grant date	Expiry date	Exercise price	Number of options outstanding	Remaining contractual life (years)	Number of options exercisable
Jun. 27, 2011	Jun. 27, 2016	\$0.45	1,300,000	1.2	1,300,000
May 8, 2012	May 8, 2017	\$0.25	1,700,000	2.1	1,700,000
Oct. 1, 2014	Oct. 1, 2019	\$0.07	5,700,000	4.5	5,700,000
			8,700,000	2.1	8,700,000

The fair value of the stock options granted for both employees and non-employees has been calculated using the Black-Scholes Option Pricing Model, based on the following weighted average assumptions:

Grant date:	Oct. 1, 2014	May 8, 2012	Jun. 27, 2011
Average risk-free interest rate	1.56%	1.40%	2.18%
Expected forfeiture rate over the life of the option	9.11%	13.65%	13.65%
Expected dividend yield	0.00%	0.00%	0.00%
Expected stock price volatility	116.47%	106.26%	104.39%
Average expected option life in years	4.0 years	4.2 years	4.7 years
Weighted average fair value per option at the measurement date	\$0.0318	\$0.1404	\$0.2339

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12. SHARE CAPITAL (CONTINUED)

b) Share-based payments (continued)

Stock based compensation expense is recorded both in exploration costs (2015: \$16,613; 2014: \$4,416), and in the Consolidated Statements of Comprehensive Loss (2015: \$148,076; 2014: \$23,982). Allocations are based on the number of options granted to employees, and their function – either exploration-project related, or administrative.

c) Share Purchase Warrants

Details of share purchase warrant activity is as follows:

	Number of warrants	Weighted average exercise price
As at April 1, 2013	2,500,000	\$0.43
Issued	25,000,000	\$0.14
Expired	(2,500,000)	\$0.43
As at March 31, 2014	25,000,000	\$0.14
Issued	41,238,000	\$0.10
As at March 31, 2015	66,238,000	\$0.12

See Note 17 Subsequent events for a description of warrants repriced and exercised subsequent to March 31, 2015.

As at March 31, 2015, the outstanding share purchase warrants were as follows:

Expiry Date	Exercise Price	Number of Warrants
May 8, 2015	\$0.14	20,000,000
May 15, 2015	\$0.14	5,000,000
June 13, 2016	\$0.10	30,738,000
July 25, 2016	\$0.10	10,500,000

The fair value of the warrants issued has been calculated using the Black-Scholes Option Pricing Model, based on the following weighted average assumptions:

	Year ended March 31, 2015	Year ended March 31, 2014
Average risk-free interest rate	1.03%	1.00%
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	136%	106.5%
Average expected warrant life in years	1.97 years	1.96 years

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13. SEGMENTED INFORMATION

The Company has two operating segments, which are mineral exploration and development in Tanzania and Namibia. 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, 2015		March 31, 2014	
Canada	\$	1,286,448	\$	451,332
Namibia		170,979		100,520
Tanzania		1,916,638		1,858,374
	\$	3,374,065	\$	2,410,226

Cash amounting to \$1,109,458 (March 31, 2014 - \$257,771) was held in Canada, with lesser amounts being held in Namibia and Tanzania. Short-term deposits are held entirely in Canada.

Capital assets, including mineral properties, by geographic area:

	March 31, 2015		March 31, 2014	
Canada	\$	1,589	\$	2,463
Namibia		21,898		80,708
Tanzania		1,663,906		1,658,752
	\$	1,687,393	\$	1,741,923

Net loss by geographic area:

	Year ended March 31, 2015		Year ended March 31, 2014	
Canada	\$	(896,369)	\$	(758,687)
Namibia		4,889		(280,029)
Tanzania		(2,769,269)		(954,177)
	\$	(3,660,749)	\$	(1,992,893)

Exploration expenses by geographic area:

	Year ended March 31, 2015		Year ended March 31, 2014	
Canada	\$	--	\$	--
Namibia		(85,794)		188,146
Tanzania		2,637,275		857,275
	\$	2,551,481	\$	1,045,421

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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. 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 \$81,850 (2014 – \$65,000) from a law firm, in which the Corporate Secretary of the Company is a partner. \$nil of this amount was payable at March 31, 2015 (2014 – \$14,000 and was included in accounts payable).

b) Key management personnel

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

	Year ended March 31, 2015	Year ended March 31, 2014
Salaries and short-term employee benefits, including amounts recorded as exploration costs	\$ 570,684	\$ 596,820
Directors' fees	46,500	75,000
Operator fees	276,273	--
Share-based payments	155,000	26,506
	<u>\$ 1,048,457</u>	<u>\$ 698,326</u>

Apart from legal services, \$17,000 was payable to related parties at March 31, 2015 and is included in accounts payable and accrued liabilities (2014 – \$290,000).

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15. INCOME TAXES

- a) Reconciliation of accounting loss to taxable loss:

	March 31, 2015	March 31, 2014
Net loss for the year	\$ (3,660,749)	\$ (1,992,893)
Statutory tax rate in Canada	26.00%	26.00%
Expected income tax recovery	(951,795)	(518,152)
Additions and deductions:		
Stock-based compensation and other non-deductible expenses	46,993	17,602
Non-deductible losses in foreign jurisdictions	98,369	12,186
Deduction of share issuance costs	(55,047)	(56,770)
Effect of different foreign statutory tax rates on earnings of subsidiaries	(125,802)	(82,089)
Effect of change in tax rates on temporary differences	--	(87,155)
Foreign exchange gain on the components of the future tax assets and liabilities denominated in foreign currencies	(55,684)	(353,061)
Expiry of losses carried forward	80,439	2,482
Income tax benefits not recognized	962,527	1,064,956
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	\$ 807,945	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	854,842	Canada
No expiry	26,504,956	Tanzania
No expiry	6,859,749	Namibia
	\$ 43,559,397	

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15. INCOME TAXES (CONTINUED)

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

	March 31, 2015	March 31, 2014
Non-capital losses	\$ 13,174,513	\$ 12,251,696
Share issuance costs	75,841	47,632
VAT Receivable	90,526	98,922
Property and equipment	27,516	6,093
Mineral property acquisition costs	(480,995)	(480,995)
Other	280,761	282,287
Net unrecognized deferred income tax assets	<u>\$ 13,168,162</u>	<u>\$ 12,205,635</u>

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 governments in each jurisdiction.

Minimum operating lease payments for premises for the next five fiscal years and thereafter are as follows:

Years ended March 31,	
2016	\$ 90,000
2017 – 2020	\$ 180,000
Thereafter	\$ Nil

Helio Resource Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended March 31, 2015

Expressed in Canadian dollars

17. SUBSEQUENT EVENTS

On June 3, 2015, the Company repriced 40,050,000 share purchase warrants from \$0.10 per share to \$0.05 per share. The expiry date of the warrants remains unchanged at June 13 and July 25, 2016.

On July 2, 2015, 6,140,000 share purchase warrants were exercised for proceeds to the Company of \$307,000.

See also Notes 8 and 14.