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# HELIO RESOURCE CORP.

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(An Exploration Stage Company)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the six month periods ended September 30, 2019 and 2018**

**Expressed in Canadian dollars**

*Notice to Reader: As required by National Instrument 51-102 subsection 4.3(3)(a), readers are advised that an auditor has not performed a review of these condensed interim consolidated financial statements.*

# Helio Resource Corp.

(An Exploration Stage Company)

## Condensed Interim Consolidated Statements of Financial Position

Canadian Dollars

Unaudited - Prepared by Management

<b>ASSETS</b>	September 30, 2019	March 31, 2019
<b>Current assets</b>		
Cash	\$ 777,061	\$ 16,221
Receivables and prepaids (Note 4)	40,484	110,204
Marketable securities (Note 5)	15,000	25,000
	<u>832,545</u>	<u>151,425</u>
<b>Non-current assets</b>		
Property and equipment (Note 6)	148	436
Mineral property acquisition costs (Note 7)	654,956	-
	<u>\$ 1,487,649</u>	<u>\$ 151,861</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 192,084	\$ 199,269
Accrued liabilities	74,151	57,790
Due to related parties (Note 11)	76,474	110,843
	<u>342,709</u>	<u>367,902</u>
<b>Non-current liabilities</b>		
Due to Palamina in shares (Notes 7, 11)	700,000	-
	<u>1,042,709</u>	<u>367,902</u>
<b>DEFICIT</b>		
Share capital (Note 9)	47,125,811	45,852,687
Contributed surplus	11,747,472	11,747,472
Deficit	(58,428,343)	(57,816,200)
	<u>444,940</u>	<u>(216,041)</u>
	<u>\$ 1,487,649</u>	<u>\$ 151,861</u>

Going Concern (Note 2)

Commitments (Note 12)

Subsequent Event (Note 13)

ON BEHALF OF THE BOARD OF DIRECTORS:

signed "Richard Williams"

Director

signed "Andrew Thomson"

Director

- See accompanying notes -

# Helio Resource Corp.

(An Exploration Stage Company)

## Condensed Interim Consolidated Statements of Comprehensive Loss

Canadian Dollars

Unaudited - Prepared by Management

	For the three months ended September 30,		For the six months ended September 30,	
	2019	2018	2019	2018
<b>Expenses</b>				
Amortization (Note 6)	\$ 134	\$ 467	\$ 288	\$ 929
Exploration costs (Note 8)	164,073	49,097	193,489	118,930
Filing and transfer agent fees	2,418	3,056	4,574	4,960
Professional fees (Note 11.a)	(54,404)	21,443	(17,561)	28,374
Marketing	6,453	1,425	9,884	4,020
Office and miscellaneous	12,038	7,333	17,771	7,658
Salaries, directors fees & consulting (Note 11.b)	(12,696)	36,261	(12,245)	71,541
Travel	2,307	529	2,307	13,519
	(120,323)	(119,611)	(198,507)	(249,931)
<b>Other income / (loss)</b>				
Interest income	75	-	7,860	-
Foreign exchange loss	(1,262)	(1,077)	(9,962)	(1,703)
Loss on revaluation of share payable (Notes 7 & 11)	(400,000)	-	(400,000)	-
Gain on debt settlement (Note 9.a)	-	-	-	190,201
Unrealized loss on marketable securities	(10,000)	2,500	(10,000)	-
Provision for VAT receivable (Note 4)	(283)	(3,712)	(1,534)	(5,271)
	(411,470)	(2,289)	(413,636)	183,227
<b>Net and comprehensive loss</b>	<b>\$ (531,793)</b>	<b>\$ (121,900)</b>	<b>\$ (612,143)</b>	<b>\$ (66,704)</b>
<b>Net loss per share: basic &amp; diluted</b>	<b>\$ (0.04)</b>	<b>\$ (0.01)</b>	<b>\$ (0.05)</b>	<b>\$ (0.01)</b>
<b>Weighted average</b>				
<b>number of common shares outstanding:</b>	<b>13,548,219</b>	<b>10,949,318</b>	<b>12,248,769</b>	<b>10,748,769</b>

- See accompanying notes -

# Helio Resource Corp.

(An Exploration Stage Company)

## Condensed Interim Consolidated Statements of Changes in Equity

Canadian Dollars

Unaudited - Prepared by Management

	Number of Common Shares	Share Capital (Note 9)	Contributed Surplus	Deficit	Total
March 31, 2018	10,449,318	\$ 45,805,187	\$ 11,747,472	\$ (57,743,979)	\$ (191,320)
Shares issued to settle debt	500,000	47,500	-	-	47,500
Income for the period	-	-	-	(66,704)	(66,704)
September 30, 2018	10,949,318	\$ 45,852,687	\$ 11,747,472	\$ (57,810,683)	\$ (210,524)
March 31, 2019	10,949,318	\$ 45,852,687	\$ 11,747,472	\$ (57,816,200)	(216,041)
Private placement	15,000,000	900,000	-	-	900,000
Share issuance costs	-	(16,876)	-	-	(16,876)
Shares issued to settle debt	1,500,000	90,000	-	-	90,000
Mineral property acquisition	5,000,000	300,000	-	-	300,000
Loss for the period	-	-	-	(612,143)	(612,143)
September 30, 2019	32,449,318	\$ 47,125,811	\$ 11,747,472	\$ (58,428,343)	\$ 444,940

- See accompanying notes -

# Helio Resource Corp.

(An Exploration Stage Company)

## Condensed Interim Consolidated Statements of Cash Flows

Canadian Dollars

Unaudited - Prepared by Management

	For the three months ended September 30,		For the six months ended September 30,	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Loss for the period:	\$ (531,793)	\$ (121,900)	\$ (612,143)	\$ (66,704)
Non-operating interest income	(75)	-	(7,860)	-
Items not affecting cash:				
Amortization	134	467	288	929
Provision for VAT receivable	283	5,271	1,534	5,271
Gain on debt settlement	-	-	-	(190,201)
Loss on revaluation of share payable	400,000	-	400,000	-
Unrealized loss(gain) marketable securities	10,000	(2,500)	10,000	-
Changes in non-cash working capital:				
Receivables and prepaids	73,052	8,752	68,186	(11,730)
Accounts payable and accrued liabilities	33,481	9,612	63,176	17,419
Due to / from related parties	(13,652)	17,517	1,631	2,273
Cash used in operating activities	(28,570)	(82,781)	(75,188)	(242,743)
<b>Cash flows from investing activities</b>				
Interest received	75	-	7,860	-
Mineral property acquisition costs	(54,956)	-	(54,956)	-
Cash provided by investing activities	(54,881)	-	(47,096)	-
<b>Cash flows from financing activities</b>				
Share subscriptions received	706,500	-	900,000	-
Share issuance costs	(16,876)	-	(16,876)	-
Cash provided by financing activities	689,624	-	883,124	-
<b>Net change in cash</b>	606,173	(82,781)	760,840	(242,743)
<b>Cash - beginning of period</b>	170,888	168,156	16,221	328,118
<b>Cash - end of period</b>	\$ 777,061	\$ 85,375	\$ 777,061	\$ 85,375
<b>Cash is composed of:</b>				
Cash	\$ 3,610	\$ 13,969	\$ 3,610	\$ 13,969
Deposits held by financial institution	773,451	71,406	773,451	71,406
	\$ 777,061	\$ 85,375	\$ 777,061	\$ 85,375

### Supplemental non-cash information:

On June 13, 2018, Helio issued 500,000 common shares valued at \$47,500 together with a payment of \$25,000 cash in settlement of accounts payable totalling \$262,701 Canadian dollars (Note 9.a).

On September 19, 2019, Helio issued 5,000,000 common shares valued at \$300,000 and committed to issue a further 5,000,000 common shares valued at \$300,000 in order to acquire the Gaban Gold project and the Tinka Iron Oxide Copper Gold project. At the same time, Helio also issued 1,500,000 common shares valued at \$90,000 in satisfaction of certain amounts previously carried in accounts payable, some of which were due to related parties (Note 11).

- See accompanying notes -

# Helio Resource Corp.

(An Exploration Stage Company)

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

Expressed in Canadian dollars

Unaudited – Prepared by Management

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### 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 its projects in Peru (the Gaban Gold project and the Tinka Iron Oxide Copper Gold project) and in Tanzania (the SMP Gold project). Title to certain of the SMP licences is subject to ongoing discussions with the Tanzanian government (Note 4.b).

### 2. GOING CONCERN

These condensed interim 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 Peru and Tanzania and is focused on the exploration and development of these properties. Title to certain of the SMP licences is subject to ongoing discussions with the Tanzanian government (Note 4.b). The Company has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. As at September 30, 2019, the Company has no source of revenue, has a deficit of \$58,028,343 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 also raised cash by selling marketable securities, 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. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, as issued by the International Accounting Standards Board, including International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*, effective for the period ending September 30, 2019, as issued and outstanding as of November 15<sup>th</sup>, 2019, the date the Board of Directors approved these financial statements. These condensed interim consolidated financial statements should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended March 31, 2019.

# Helio Resource Corp.

(An Exploration Stage Company)

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

Expressed in Canadian dollars

Unaudited – Prepared by Management

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### 3. BASIS OF PRESENTATION (continued)

#### a) 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.

#### b) 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 of the audited annual consolidated financial statements for the year ended March 31, 2019.

#### c) Significant Accounting Policies

The accounting policies and methods of computation followed in preparing these condensed interim consolidated financial statements are consistent with interpretations by the International Financial Reporting Interpretations Committee ("IFRIC"), and are substantially the same as those followed in preparing the most recent audited annual consolidated financial statements, with the exception of the following changes to accounting policies adopted on April 1, 2019 as a result of changes to accounting standards.

**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. Since the Company had no leases, the new standard did not have any impact on the Company's financial statements at the time of adoption of the new standard.

The following is the accounting policy that has been amended as a result of adoption of IFRS 16:

#### *Leases*

Upon lease commencement, the Company recognizes a right-of-use asset, which is initially measured at the amount of the lease liability plus any direct costs incurred, which is then amortized over the life of the lease on a straight-line basis. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease; if the implicit lease rate cannot be determined, the incremental borrowing rate is used. Payments against the lease are then offset against the lease liability. The lease liability and right-of-use asset are subsequently remeasured to reflect changes to the terms of the lease. Assets and liabilities are recognized for all leases unless the lease term is twelve months or less or the underlying asset has a low value.

# Helio Resource Corp.

(An Exploration Stage Company)

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

Expressed in Canadian dollars

Unaudited – Prepared by Management

### 4. RECEIVABLES AND PREPAIDS

	September 30, 2019	March 31, 2019
Prepaid expenses	\$ 14,530	\$ 25,614
Receivables	9,175	14,747
Sales tax receivable - Canada	16,779	69,843
	<u>\$ 40,484</u>	<u>\$ 110,204</u>

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 \$326,000 (March 31, 2019 - \$363,000) 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.

### 5. MARKETABLE SECURITIES

Company name	# of shares	Fair value at September 30, 2019	Fair value at March 31, 2019
Damara Gold Corp.	500,000	\$15,000	\$25,000

### 6. PROPERTY AND EQUIPMENT

	Field equipment	Office equipment	Total
<b>September 30, 2019</b>			
Net book value			
At March 31, 2019	\$ 4	\$ 432	\$ 436
Amortization	(4)	(284)	( 288)
At September 30, 2019	<u>\$ -</u>	<u>\$ 148</u>	<u>\$ 148</u>
Consisting of			
Cost	\$ 77,104	\$ 98,797	\$ 175,901
Accumulated amortization	(77,104)	(98,649)	(175,753)
At September 30, 2019	<u>\$ -</u>	<u>\$ 148</u>	<u>\$ 148</u>
<b>March 31, 2019</b>			
Net book value			
At March 31, 2018	\$ 811	\$ 1,307	\$ 2,118
Amortization	(807)	(875)	(1,682)
At March 31, 2019	<u>\$ 4</u>	<u>\$ 432</u>	<u>\$ 436</u>
Consisting of			
Cost	\$ 77,104	\$ 98,797	\$ 175,901
Accumulated amortization	(77,100)	(98,365)	(175,465)
At March 31, 2019	<u>\$ 4</u>	<u>\$ 432</u>	<u>\$ 436</u>



# Helio Resource Corp.

(An Exploration Stage Company)

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

Expressed in Canadian dollars

Unaudited – Prepared by Management

### 7. MINERAL PROPERTY ACQUISITION COSTS

#### a) Peru

The Company acquired the Gaban Gold project and the Tinka Iron Oxide Copper Gold project, both located in Peru, from Palamina Corp. on September 19, 2019. In exchange, Helio issued 5,000,000 common shares to Palamina, and will issue another 5,000,000 common shares on or before September 19, 2021. In addition, Helio will make annual advance royalty payments to Palamina. Annual anniversary payments begin at \$25,000 on September 19, 2020 and will double every two years until Helio has completed a total of 5,000m of drilling or has abandoned the properties.

Palamina will retain a 2% Net Smelter Return royalty on each property. Helio will have the right to purchase 50% of each royalty by making a cash payment of \$1,000,000 to Palamina at any time prior to the commencement of commercial production.

#### b) Saza Licence, Tanzania

The Company has earned a 100% interest in the Saza, Saza West, Ilunga, Gap and Kwaheri licences, all within the Lupa Goldfields in southwest Tanzania. Each of the five areas is 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 (per area) prior to commencement of commercial production. 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. The government of Tanzania has introduced significant licence uncertainty around retention licences, resulting in the impairment of mineral property acquisition costs.

	Gaban and Tinka, Peru	SMP, Tanzania	Total
March 31, 2019	\$ --	\$ --	\$ --
Acquisition Costs	654,956	--	654,956
September 30, 2019	\$ 654,956	\$ --	\$ 654,956

### 8. EXPLORATION COSTS

Six months ended September 30, 2019	Tanzania		Peru	Total
	Saza and Saza West	Makongolosi	Gaban	
Preliminary staking and scouting	\$ -	\$ -	\$ 134,857	\$ 134,857
Field expenses and consumables	305	797	-	1,102
Geological consulting	1,275	3,407	-	4,682
Salaries and wages	9,988	26,140	-	36,128
Transportation and travel	34	88	-	122
Exploration office expenses	4,585	12,013	-	16,598
Total costs for the six months ended September 30, 2019:	\$ 16,187	\$ 42,445	\$ 134,857	\$ 193,489

# Helio Resource Corp.

(An Exploration Stage Company)

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

Expressed in Canadian dollars

Unaudited – Prepared by Management

### 8. EXPLORATION COSTS (continued)

Six months ended September 30, 2018	Tanzania		Total
	Saza and Saza West	Makongolosi	
Field expenses and consumables	\$ 736	\$ 1,732	\$ 2,468
Geological consulting	12,884	29,702	42,586
Salaries and wages	10,191	26,672	36,863
Transportation and travel	1,133	2,967	4,100
Exploration office expenses	9,538	23,375	32,913
Total costs for the six months ended September 30, 2018:	\$ 34,482	\$ 84,448	\$ 118,930

### 9. SHARE CAPITAL

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

On September 19, 2019, Helio completed a private placement financing, raising \$900,000 through the issuance of 15,000,000 units. Each unit is comprised of one common share of Helio and one half of a warrant. Each full warrant entitles the holder to purchase one common share of the Company for \$0.10 at any time within 12 months of closing the financing. On the same date, Helio also issued 5,000,000 common shares valued at \$300,000 and committed to issue another 5,000,000 common shares in order to acquire the Gaban Gold project and the Tinka Iron Oxide Copper Gold project. The 5,000,000 share commitment had an initial value on September 19, 2019 of \$300,000. The commitment is shown as a non-current liability on the Statement of Financial Position.

On September 19, 2019, Helio also issued 1,500,000 common shares valued at \$90,000 in satisfaction of certain amounts previously carried in accounts payable, some of which were due to related parties (Note 11).

On June 13, 2018 the Company issued 500,000 common shares and paid cash of \$25,000 pursuant to a debt settlement agreement with an arm's length creditor of the Company to settle outstanding accounts payable of \$262,701, resulting in a gain on debt settlement of \$190,201.

# Helio Resource Corp.

(An Exploration Stage Company)

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

Expressed in Canadian dollars

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### 9. SHARE CAPITAL (continued)

#### 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.

There had been no stock option activity in the 24 months preceding September 30, 2019. The following table summarizes information about stock options outstanding to directors, officers, employees and consultants as at September 30, 2019:

Grant date	Expiry date	Exercise price	Number of options outstanding	Remaining contractual life (years)	Number of options exercisable
October 1, 2014	October 1, 2019	\$1.75	172,000	0.25	172,000

Details of stock option activity subsequent to September 30, 2019 is as follows:

	Number of Options	Weighted Average exercise price
Outstanding, March 31, 2018 and 2019, and September 30, 2019	172,000	\$ 1.75
Expired October 1, 2019	(172,000)	\$ 1.75
Granted October 24, 2019	(2,250,000)	\$ 0.20
Outstanding, November 15, 2019	2,250,000	\$ 0.20

The recently granted stock options vest on October 24, 2020 and expire on October 24, 2024.

#### c) Share Purchase Warrants

Details of share purchase warrant activity is as follows:

	Number of warrants	Weighted average exercise price
As at March 31, 2018 and 2019	Nil	\$--
Issued September 19, 2019	7,500,000	\$0.10
As at September 30, 2019	7,500,000	\$0.10

The outstanding warrants all expire on September 19, 2020.

# Helio Resource Corp.

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## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

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### 10. 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:

	September 30, 2019		March 31, 2019	
Canada	\$	800,833	\$	109,745
Peru		654,956		--
Tanzania		31,860		42,116
	\$	1,487,649	\$	151,861

Cash amounting to \$767,651 was held in Canada, and \$9,410 was held in Tanzania (March 31, 2019 - \$374 in Canada and \$15,847 in Tanzania).

Capital assets, including mineral properties, by geographic area:

	September 30, 2019		March 31, 2019	
Canada	\$	102	\$	252
Peru		654,956		--
Tanzania		46		184
	\$	655,104	\$	436

Net (loss) income by geographic area:

	Six months ended September 30, 2019		Six months ended September 30, 2018	
Canada	\$	(401,056)	\$	69,954
Peru		(134,857)		--
Tanzania		(76,230)		(136,658)
	\$	(612,143)	\$	(66,704)

Exploration expenses by geographic area:

	Six months ended September 30, 2019		Six months ended September 30, 2018	
Peru	\$	134,857	\$	--
Tanzania		58,632		118,930
	\$	193,489	\$	118,930

# Helio Resource Corp.

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## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

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### 11. 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 six months ended September 30, 2018, the Company received legal services of approximately \$9,100 from a law firm, in which the Corporate Secretary of the Company at the time was a partner. This amount has since been paid. The partner of the law firms is no longer Corporate Secretary of the Company and so is no longer a related party.

#### 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:

Six months ended:	September 30, 2019	September 30, 2018
Salaries accrued	\$ 25,000	\$ 51,154
Salaries forgiven	(43,000)	Nil
Directors' fees earned (forgiven)	Nil	12,000
	<u>\$ (18,000)</u>	<u>\$ 63,154</u>

For a number of months in 2018 and 2019, in order to assist the Company, related parties were paying for the expenses of the Company and did not draw or accrue salary or director's fees for portions of the 2018 and 2019 calendar years. In addition, officers forgave all salary amounts owed to them at a point in 2019. As a result, at September 30, 2019, \$76,474 (March 31, 2019 - \$103,943) was payable to related parties for unpaid 2019 salary as well as for costs paid on behalf of the Company.

Officers and directors participated in the Company's settlement on September 19, 2019 of certain amounts previously carried in accounts payable, agreeing to settle a total of \$36,000 in amounts owed in exchange for a total of 600,000 common shares of the Company. On the same date, officers, directors and other related parties also participated in the private placement of units described in Note 9a, subscribing for a total of 2,550,000 units at \$0.06.

In addition, as described in Notes 7a and 9a, on September 19, 2019, Helio acquired the Gaban Gold project and the Tinka Iron Oxide Copper Gold project, both located in Peru, from Palamina Corp. in exchange for agreeing to make specified advance royalty and share payments to Palamina over time. As a result of this transaction, Palamina became a related party.

# Helio Resource Corp.

*(An Exploration Stage Company)*

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

*Expressed in Canadian dollars*

*Unaudited – Prepared by Management*

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### 12. COMMITMENTS

Helio is subject to the fees and expenditure requirements set by the various governments that are required to maintain its mineral exploration properties in good standing.

Helio has one remaining required share payment: the issuance of 5,000,000 shares to Palamina (Note 7a) which is shown as “Due to Palamina in shares” on the Statement of Financial Position, as well as the annual payments specified under the agreement. Annual payments begin at \$25,000 on September 19, 2020 and will double every two years until Helio has completed a total of 5,000m of drilling or has abandoned the properties.

### 13. SUBSEQUENT EVENT

Subsequent to September 30, 2019, Helio granted 2,250,000 incentive stock options to management, directors, advisors, consultants and key employees (Note 9.b). The options vest after 12 months, have a 5-year term and are exercisable at \$0.20 per common share.