Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS
FOR HELIO RESOURCE CORP.

INTRODUCTION

Prepared on June 29, 2009 for the year ended March 31, 2009 ("fiscal 2009"), this Management, Discussion and Analysis ("MD&A") supplements, but does not form part of the audited consolidated financial statements of Helio Resource Corp. (the "Company"). This MD&A should be read in conjunction with the accompanying audited consolidated financial statements for the year ended March 31, 2009 and the related notes which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

Additional information, including annual audited consolidated financial statements and more detail on specific mineral properties discussed in this MD&A can be found on the Company's page at www.sedar.com or on its website, www.helioresource.com.

Monetary amounts in the following discussion are in Canadian dollars unless otherwise noted.

FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking information as defined in the Securities Act (Ontario). Forward-looking information can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “is estimated”, “forecasts”, “anticipates” or “does not anticipate”, or “believes”, or variation of such words and phrases or by statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. This forward-looking information includes estimates, forecasts, and statements as to management’s expectations concerning the future development and costs of the Company’s exploration projects. This forward-looking information involves numerous assumptions, risks and uncertainties and actual results may vary materially.

Forward-looking information is based on a number of assumptions, including, among others, assumptions regarding general business and economic conditions, interest rates, changes to legislation, market competition, and receipt of necessary approvals. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to differ materially.

Factors that may cause actual results to vary include, but are not limited to: business and economic conditions in the mining industry generally, the global and local supply and demand for labour and other project inputs, changes in commodity prices, changes in interest and currency exchange rates, inaccurate geological and engineering assumptions, unanticipated future operational difficulties (including cost escalation, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job action, and unanticipated events related to health, safety and environmental matters), political risk (including the risk that the rights to mine the properties explored may be rescinded by the governments or otherwise lost), social unrest, changes in general economic conditions or conditions in the financial markets and other risk factors as detailed from time to time in the Company’s reports filed with the Canadian securities administrators. Certain of these risks are described in more detail in the annual information form of the Company and in its public filings with the Canadian securities administrators. The Company does not assume the obligation to revise or update forward-looking information after the date of this document nor to make revisions to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws.

BUSINESS OF THE COMPANY

The principal business of the Company is the exploration and development of the SMP Gold Project in Tanzania.

The Company also holds title to 10 exploration licences in Namibia, eight of which are subject to a joint venture agreement with Desert Minerals (UK) Ltd, a private exploration company.

The Company is a reporting issuer in British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol HRC.

OUTLOOK

The Company completed fiscal 2009 with no debt and with working capital[1] of $1,761,506 largely held as a redeemable GIC. Additionally, subsequent to March 31, 2009, the Company closed a private placement in April 2009 adding an additional $5,250,000 in gross proceeds to the treasury.

Subsequent to year end, the Company began a program of reverse circulation (RC) drilling at the SMP gold project. The Company plans to complete up to 25,000m of drilling before the end of calendar year 2009. The main areas to be drill tested are the 8km-long Porcupine-Gap-Reefski-Panya corridor, and the Dubwana Target.

The Company is focused on advancing the SMP gold project in Tanzania. As part of the Company's strategic approach to project development and to minimise its dependence on equity capital, the Company is continuing to seek out joint venture partners for its remaining two projects in Namibia.

The Company believes it currently has sufficient cash resources in order to carry out its planned exploration programs and meet its contractual obligations to March 31, 2010.

[1] Working capital, a non-GAAP-measure is defined as current assets net of current liabilities.

HIGHLIGHTS FOR THE YEAR ENDED MARCH 31, 2009

On May 23, 2008 the Company entered into a “Bought Deal Financing” led by Primary Capital Inc. The financing, comprising 6,000,000 Units priced at $0.85, closed on June 17, 2008, for gross proceeds of $5,100,000. Each Unit comprised a common share and a half warrant, each full warrant being convertible into a common share at a price of $1.10 in the first year and $1.25 in the second year after closing the financing.

The Company continued drilling at the SMP Gold Project until the end of calendar year 2008. By the end of the fiscal year, the Company had completed a total of 37,106m of diamond drilling (principally on the Kenge and Porcupine Targets), and 12,806m of RC drilling.

Due to the global financial crisis, resulting in difficulties accessing capital markets, the Company took the decision to suspend drilling activities and no further drilling was undertaken on the SMP Project in the last quarter of fiscal 2009 (Jan 1 – March 31, 2009).
Drilling results were released from the Kenge Target (April 14, 2008, July 2, 2008, September 8, 2008, January 15, 2009, and February 2, 2009), the Porcupine Target (June 23, 2008, July 21, 2008, October 6, 2008, November 10, 2008, January 26, 2009, and March 2, 2009), and the Konokono Target (February 23, 2009) throughout fiscal 2008. In all cases drilling was successful in extending known bedrock gold mineralisation along strike and to depth. Details of all of the drill intercepts can be found at the Company’s website at www.helioresource.com.

On August 11, 2008 the Company announced the first metallurgical test results from the Kenge Target. The tests were extremely positive, indicating gold recoveries of up to 96% by conventional milling and gravity, flotation and cyanidation processes.

On October 16, 2008 the Company announced that it had optioned a fifth licence, named Saza West, which added a 7km section of the Saza Shear Zone to the project, and increased total landholdings to 238km^2.

On March 13, 2009 the Company announced a brokered and non-brokered financing. The combined financings comprised 15,000,000 Units priced at $0.35 with gross proceeds of $5,250,000. Each Unit comprised a share and a half warrant, with each full warrant being convertible into one common share at an exercise price of $0.50 in the first year and $0.60 in the second year after closing. The non-brokered financing was funded solely by Macquarie Bank which, as a result of the financing, became a significant shareholder, owning 10.7% of the issued and outstanding share capital of the Company.

Net loss for the year ended March 31, 2009 was $9,305,396 as compared with a net loss of $5,270,456 for the year ended March 31, 2008. The increased loss reflects the increased rate of exploration and drilling in the current period.

On July 23, 2008 the Board granted 1,150,000 options at $0.85 to employees and directors, including 100,000 options to each of the non-executive directors and the CFO.

EVENTS SUBSEQUENT TO THE YEAR ENDED MARCH 31, 2009

SMP Gold Project- Tanzania

On April 8, 2009 the Company successfully completed the brokered and non-brokered financings announced on March 13, 2009.

The Company continued to release the balance of drill results from the 2008 drill programme – Kenge results on April 22, 2009 and Porcupine results on May 12, and June 1, 2009. The June 1 results were especially significant in that the RC drilling discovered the presence of two new zones of gold mineralisation immediately north of what is now referred to as Porcupine Main Zone. All mineralised zones remain open to depth and along strike.

Diamond drilling resumed at the Porcupine Target on May 12, 2009. At the time of writing, three drill holes had been completed on the Porcupine Main Zone and three drillholes had been completed on the newly discovered Quill Zone. Results are pending.

On May 26, 2009, the Company announced that it had completed heap-leach amenability tests on mineralised material remaining from the Kenge metallurgical testwork (reported August 11, 2008). Again the results were positive, indicating that recoveries in the order of 70% were possible.

Soil sampling has resulted in the discovery of two extensive gold-in-soil anomalies, namely Dubwana (reported May 14, 2009) and Cheche West (reported June 16, 2009).

DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION

Selected Annual Information

The following summary of the Company's selected annual information has been prepared in accordance with Canadian GAAP:

	March 31, 2009 $	**March 31, 2008** $	**March 31, 2007** $
Loss from Operations and Net Loss	9,305,396	5,270,456	3,748,566
Basic and Diluted Loss per Share	(0.19)	(0.14)	(0.13)
Total Assets	3,476,108	6,723,363	6,076,268

The Company's net loss has increased as the Company's exploration activities have increased.

Results of Operations

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

Year Ended March 31, 2009

The loss for the year ended March 31, 2009 increased to $9,305,396 as compared to a loss of $5,270,456 for the year ended March 31, 2008 (“fiscal 2008”). The increased loss was driven primarily by the increase of $3,400,881 in exploration costs.

Exploration costs of $7,299,696 (2008 - $3,898,815) increased significantly versus the preceding year due to the large drilling program conducted on the Company’s SMP Gold Project in Tanzania. In fiscal 2009, up to five drills were actively drilling. This compares with a maximum of two drills drilling in fiscal 2008. The increase in exploration costs in Tanzania was partly offset by a reduction in exploration costs in Namibia.

Stock based compensation expense has increased from $208,765 for the year ended March 31, 2008 to $332,048 for the year ended March 31, 2009. This is related to the timing of vesting of option grants, the number of options granted to geological or non-geological recipients, cancellations or forfeitures prior to vesting, and the value attributed to each grant. 1,060,000 options were granted in fiscal 2008, and 1,150,000 options were granted in fiscal 2009.

Amortization expense has increased in the current year as a result of owning more rapidly-depreciating field equipment than in the previous year.

Salaries and consulting costs increased to $471,738 (2008 - $425,005) as a result of increases in staffing and pay rates in order to accommodate the higher activity level of the Company in July 2008 – October 2008. By March 31, 2009, staffing levels had been reduced substantially; however, staff reductions happened late in the year, and so had a small impact on costs for the year.

Finally, professional fees have increased by $45,965 over the prior year as a result of increased compliance costs overseas, offset by not requiring the use of a recruiting agency in the current year.

Savings have been realized on travel, meals and entertainment costs as a result of more efficient spending.

Interest income has increased relative to the prior period due to the higher average cash balances held in the year ended March 31, 2009.

The foreign exchange loss has increased due to the volatility experienced in the currency markets, primarily the strengthening of the US dollar while the Company held a significant amount of drilling-related US-denominated payables.

Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of the Company and is derived from unaudited quarterly consolidated financial statements prepared by management. The Company's interim consolidated financial statements are prepared in accordance with Canadian GAAP and are expressed in Canadian dollars.

Period	Revenues	Loss from Operations and Net Loss	Basic and Diluted Loss per Share from Operations and Net Loss per Share
March 31, 2009	Nil	(725,991)	(0.01)
December 31, 2008	Nil	(2,489,191)	(0.05)
September 30, 2008	Nil	(4,381,841)	(0.09)
June 30, 2008	Nil	(1,708,373)	(0.04)
March 31, 2008	Nil	(1,628,312)	(0.04)
December 31, 2007	Nil	(772,008)	(0.02)
September 30, 2007	Nil	(1,678,564)	(0.05)
June 30, 2007	Nil	(1,191,572)	(0.03)

The variation in the Company's quarterly net loss over the past eight quarters is largely due to the variation in exploration activity on the Company's properties. The quarter ended September 30, 2008 was characterized by a high rate of diamond drilling with multiple drill rigs extracting core. The quarter ended December 31, 2008 was characterized by a steady and controlled reduction in activity. Finally, the quarter ended March 31, 2009 was characterized by maintaining the reduced level of spending.

Three months ended March 31, 2009

The objective for the quarter ended March 31, 2009 (“Q409”) was to reduce spending until the Company was able to obtain additional funding. This funding was obtained in April 2009.

The loss for the three months ended March 31, 2009 was $725,991, a substantial decrease both from the loss for the three months ended December 31, 2008 of $2,489,191 and from the loss for the three months ended March 31, 2008 (“Q408”) of $1,628,312. This reflects the significantly reduced exploration activity of the Company during the quarter, particularly in regards to drilling.

Exploration costs of $391,032 (2008 - $1,355,915) decreased versus the equivalent quarter of the preceding year due to the lack of drilling in Q409.

Stock based compensation expense has increased from a small reversal of $11,369 in Q408 to an expense of $80,302 in Q409. This is related to the timing of vesting of option grants, the number of options granted to geological or non-geological recipients, cancellations or forfeitures prior to vesting, and the value attributed to each grant.

Professional fees have increased by $72,157 over Q408 as a result of increased compliance costs overseas.
A decrease of $44,263 was realized in travel, meals and entertainment as non-essential travel was deferred until after financing was secured.

Finally, a recovery of $115,598 of the allowance for doubtful accounts was recorded in Q409 as management’s estimate of the likelihood of recovery of a receivable improved substantially. There was no comparable amount in Q408.

Liquidity, Capital Resources and Cash Flow Analysis

The Company’s primary sources of funding have been from the issuance of common shares and warrants with additional funds coming from joint venture agreements. Management is optimistic that additional funding can be realised if the current strength in the gold price and the apparent institutional appetite for equity financings continues.

The decrease in cash and short-term deposits reflects a decrease in liquidity. The Company's short-term deposits are comprised of cashable term deposit investments issued by a major Canadian bank or credit union. The initial term of these instruments is one year. Upon the request of the Company the investments may be partially or fully redeemed before the maturity date without penalty.

A private placement was completed in April 2009, from which the Company raised gross proceeds of $5,250,000 by issuing 15,000,000 common shares and 7,500,000 share purchase warrants exercisable at $0.50 for the first year and $0.60 for the second year. In addition, 690,000 broker’s warrants were issued, exercisable at $0.35 for two years. Proceeds from the financing were invested in short-term deposits.

In order to maintain its Tanzanian property option agreements in good standing, the Company must issue 125,000 shares, make payments totalling $400,000 either in cash or shares, and spend an additional $150,000 on exploration prior to March 31, 2010.

Financial Instruments

The Company’s financial instruments consist of cash and cash equivalents, short-term deposits, marketable securities, receivables, security deposits, accounts payable and accrued liabilities and amounts due to/from related parties. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. Interest risk and credit risk are managed for short-term deposits by maintaining them in redeemable GIC’s issued by a major Canadian bank or credit union. The Company manages its currency risk by periodically adjusting the principal foreign currency cash balances to approximately match budgeted foreign currency spending. This exposes the Company to gains and losses as a result of fluctuations in foreign exchange markets, but ensures the Company’s purchasing power in foreign currencies will remain more stable. Interest on short-term deposits is classified as interest income on the Consolidated Statements of Loss and Comprehensive Loss. There are no gains, losses or expenses associated with this financial instrument. The Company does not engage in any hedging activities. Other financial instruments do not generally expose the Company to risk that is significant enough to warrant reducing. Further discussion of these risks is made available in Note 5 of the audited consolidated financial statements for the year ended March 31, 2009.

The Company believes it currently has sufficient cash resources in order to carry out its planned exploration programs and meet its contractual obligations to March 31, 2010.

RISK FACTORS

Exploration Risk

Mineral exploration and development involve a high degree of risk and few projects are ultimately developed into producing mines. There is no assurance that the Company's future exploration and development activities will result in the definition of a body of commercial ore. Whether an ore body will be commercially viable depends on a number of factors including the particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as mineral prices and government regulations, including environmental regulations.

Financial Capability and Additional Financing

The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for further exploration and development of its projects. Although the Company has been successful in the past in financing its activities through the issuance of equity securities, there can be no assurance that it will be able to obtain sufficient financing in the future to execute its business plan. A discussion of risk factors particular to financial instruments is presented in Note 5.b of the audited consolidated financial statements for the period ended March 31, 2009.

Commodity Prices

The mineral industry varies with the price of metals. The price of gold and other commodities has fluctuated widely in recent years and is affected by factors beyond the control of the Company including, but not limited to, international economic and political trends, currency exchange fluctuations, economic inflation and expectations for the level of economic inflation in the consuming economies, interest rates, global and local economic health and trends, speculative activities and changes in the supply of gold due to new mine developments, mine closures as well as advances in various production and use technologies of gold. All of these factors will have impacts on the viability of the Company's exploration projects that are impossible to predict with certainty.

Environment

Both the exploration and any future production phases of the Company's operations will be subject to environmental protection regulations in the jurisdictions in which it operates. Globally, environmental legislation is evolving towards stricter standards and enforcement, more stringent environmental impact assessments of new mining projects and increasing liability exposure for companies and their directors and officers. There is no assurance that future environmental regulations will not adversely affect the Company's operations.

Financial Instrument Risk

As a result of its use of financial instruments, the Company is subject to credit risk, interest rate risk, currency risk and other price risk. These risks are discussed comprehensively in Note 5b of the audited consolidated financial statements for the year ended March 31, 2009.

CHANGES IN ACCOUNTING POLICIES

Changes in Accounting Standards

On April 1, 2008, the Company adopted five new accounting standards that were issued by the Canadian Institute of Chartered Accountants: Handbook Section 1400, *General Standards of Financial Statement Presentation*; Handbook Section 1535, *Capital disclosures*; Handbook Section 3031, *Inventories; and Handbook Sections 3862 and 3863, Financial Instruments, Disclosure and Presentation*. These standards have been applied prospectively; accordingly, comparative amounts for prior periods have not been restated.

Changes in Accounting Standards Not Yet Adopted

Section 3064 – *Goodwill and Intangible Assets* is a new section that will be effective for annual or interim periods beginning on or after April 1, 2009. The Company has determined that adoption of this new standard will have no material impact on the Company's financial statements.

International Financial Reporting Standards ("IFRS") - The CICA has adopted International Financial Reporting Standards for implementation on January 1, 2011. The Company is currently identifying the differences between existing Canadian GAAP and IFRS and is assessing how those differences will affect the reporting of financial information. The Company has developed an IFRS changeover plan to identify and implement the necessary changes to be able to report using the new standards. The plan includes assessing the impact of IFRS on financial reporting systems, disclosure controls and procedures, internal control over financial reporting, tax planning, and the training of key personnel. The Company has completed an initial high level assessment to identify the impacts of adopting IFRS. This assessment included the impacts to the Company's financial results and position, business activities, including the effect on information technology and data systems, internal controls over financial reporting and disclosure controls. The Company is commencing a more detailed assessment and implementing a new management reporting system, to assist in the full adoption of IFRS.

The initial high level assessment has not fully considered the question of impairment of asset carrying values, as the economic parameters at transition date needed to assess the fair value of operating and development projects are not known at the present time.

Subject to this, the Company's initial high level assessment did not identify any material changes to financial results or financial position arising from the conversion to IFRS; however, the detailed assessment process is ongoing. There will be required changes to certain accounting policies and practices and upon further assessment these changes may result in material changes to financial results or financial position. Additionally, it is expected that the amount of required financial statement disclosure will increase.

Further details on these new standards are provided in our audited consolidated financial statements for the year ended March 31, 2009.

OFF-BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Company's financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

RELATED PARTY TRANSACTIONS

During the year ended March 31, 2009, the Company received legal services in the amount of $86,000 (March 31, 2008 -$68,000) from a law firm, in which the Corporate Secretary of the Company is a partner.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties. These transactions were in the normal course of operations and were measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

OUTSTANDING SHARE DATA

The following section updates the Outstanding Share Data provided in the audited consolidated financial statements for the year ended March 31, 2009.

Common Shares:	
Shares outstanding at March 31, 2009	50,438,792
Issued April 8, 2009	15,000,000
Options Exercised	30,000
Shares outstanding at June 29, 2009	65,468,792
Stock Options:	
Options outstanding at March 31, 2009	4,010,000
Options cancelled	(200,000)
Options exercised	(30,000)
Options outstanding at June 29, 2009	3,780,000
Warrants:	
Warrants outstanding at March 31, 2009	7,040,000
Issued April 8, 2009	8,190,000
Balance as at June 29, 2009	15,230,000

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com