

HELIO RESOURCE CORP.

(An Exploration Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended June 30, 2009

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 interim financial statements.

Helio Resource Corp.

(An Exploration Stage Company)

Interim Consolidated Balance Sheets

Canadian Dollars

Unaudited - Prepared by Management

ASSETS		As at June 30, 2009	As at March 31, 2009
Current	Cash and cash equivalents	\$ 494,356	\$ 379,696
	Short-term deposits	5,534,463	1,403,100
	Receivables and prepaids	399,929	357,516
		<hr/> 6,428,748	<hr/> 2,140,312
	Deferred Share Issuance Costs	-	27,614
	Marketable Securities	-	9,000
	Security Deposits	42,000	42,000
	Property and Equipment (Note 4)	512,156	556,053
	Mineral Properties (Note 5)	701,129	701,129
		<hr/> \$ 7,684,033	<hr/> \$ 3,476,108

LIABILITIES

Current	Accounts payable and accrued liabilities	\$ 726,228	\$ 378,806
		<hr/> 726,228	<hr/> 378,806

SHAREHOLDERS' EQUITY

Share Capital (Note 6)	24,374,740	20,565,903
Contributed Surplus	5,296,343	4,079,625
Accumulated Other Comprehensive Loss	-	(32,800)
Deficit	(22,713,278)	(21,515,426)
	<hr/> 6,957,805	<hr/> 3,097,302
	<hr/> \$ 7,684,033	<hr/> \$ 3,476,108

Subsequent Events (Note 9)

ON BEHALF OF THE BOARD OF DIRECTORS:

signed "Richard Williams"

Director

signed "Cliff T. Davis"

Director

- See accompanying notes -

Helio Resource Corp.

(An Exploration Stage Company)

Interim Consolidated Statements of Loss and Comprehensive Loss

Canadian Dollars

Unaudited - Prepared by Management

	For the three months ended June 30, 2009	For the three months ended June 30, 2008
Expenses		
Amortization	\$ 43,897	\$ 29,161
Bank charges and interest	815	1,056
Exploration costs, net - <i>schedule</i>	769,093	1,307,903
Filing and transfer agent	6,070	29,990
Professional fees	75,744	66,833
Marketing	40,200	47,690
Office and miscellaneous	26,714	18,158
Salaries and consulting	128,000	108,432
Stock-based compensation (<i>Note 6.c</i>)	81,195	56,353
Travel, meals and entertainment	16,652	14,851
Loss Before the Undernoted:	(1,188,380)	(1,680,427)
Other Income:		
Interest income	11,201	48,832
Foreign exchange loss	6,604	3,604
Allowance for doubtful accounts	-	(65,852)
Loss on sale of investment	(27,277)	-
Loss on disposition of fixed assets	-	(14,530)
	(9,472)	(27,946)
Loss for the quarter	(1,197,852)	(1,708,373)
Other comprehensive income (loss)	32,800	(6,000)
Comprehensive loss for the quarter	\$ (1,165,052)	\$ (1,714,373)
Loss per Share - Basic and Diluted	\$ (0.02)	\$ (0.04)
Weighted Average Number of Common Shares	64,123,737	44,306,336

- See accompanying notes -

Helio Resource Corp.

(An Exploration Stage Company)

Interim Consolidated Statements of Shareholders' Equity

Canadian Dollars

Unaudited - Prepared by Management

	Number of Common Shares	Share Capital (Note 9)	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit
Balance at March 31, 2008	42,959,050	15,627,342	2,654,245	(43,600)	(12,210,030)
Issuance of shares as private placement	6,000,000	3,650,861	1,048,776	-	-
Issuance of shares for warrants exercised	1,155,500	1,136,882	(103,032)	-	-
Issuance of shares as property payment	324,242	150,818	-	-	-
Stock based compensation	-	-	479,636	-	-
Unrealized loss on available-for-sale investments	-	-	-	(21,165)	-
Loss realized on available-for-sale investments	-	-	-	31,965	-
Loss for the year	-	-	-	-	(9,305,396)
Balance at March 31, 2009	50,438,792	20,565,903	4,079,625	(32,800)	(21,515,426)
Issuance of shares as private placement	15,000,000	3,793,837	1,176,413	-	-
Issuance of shares for options exercised	30,000	15,000	-	-	-
Stock based compensation	-	-	40,305	-	-
Unrealized gain on available-for-sale investments	-	-	-	5,523	-
Loss realized on available-for-sale investments	-	-	-	27,277	-
Loss for the period	-	-	-	-	(1,197,852)
Balance at June 30, 2009	65,468,792	\$ 24,374,740	\$ 5,296,343	\$ -	\$ (22,713,278)

- See accompanying notes -

Helio Resource Corp.

(An Exploration Stage Company)

Interim Consolidated Statements of Cash Flows

Canadian Dollars

Unaudited - Prepared by Management

	For the three months ended June 30, 2009	For the three months ended June 30, 2008
Operating Activities		
Loss for the period	\$ (1,197,852)	\$ (1,708,373)
Items not affecting cash:		
Amortization	43,897	29,161
Loss on sale of investment	27,277	-
Loss on disposition of fixed assets	-	14,530
Unrealized interest on short-term deposits	8,200	(39,038)
Stock-based compensation	40,305	90,535
Changes in non-cash working capital:		
- Receivables and prepaids	(42,413)	(4,606)
- Security deposits	-	(2,000)
- Accounts payable	347,422	259,382
Cash used in operating activities	<u>(773,164)</u>	<u>(1,360,409)</u>
Investing Activities		
Purchase of property and equipment	-	(115,445)
Purchase of short-term deposits	(4,139,563)	(3,600,613)
Proceeds from sale of marketable securities	14,523	-
Cash used in investing activities	<u>(4,125,040)</u>	<u>(3,716,058)</u>
Financing Activities		
Proceeds from the issuance of shares and share purchase warrants, net of cash issuance costs	4,985,250	5,259,054
Deferred share issue costs	27,614	-
Cash provided by financing activities	<u>5,012,864</u>	<u>5,259,054</u>
Net Increase in cash and cash equivalents	114,660	182,587
Cash and cash equivalents		
- Beginning of period	<u>379,696</u>	<u>270,135</u>
Cash and cash equivalents		
- End of period	<u>\$ 494,356</u>	<u>\$ 452,722</u>
Non-Cash Financing and Investing Transactions		
Fair value of stock options and warrants exercised	\$ -	\$ 76,816
Share issuance costs paid in warrants	151,508	234,566

- See accompanying notes -

Helio Resource Corp.

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the three months ended June 30, 2009

Canadian dollars

Unaudited – Prepared by Management

1. Nature of Operations and Going Concern

Helio Resource Corp. (the “Company” or “Helio”) was incorporated on November 8, 1998 under the Business Corporations Act of British Columbia. The principal business of the Company is the exploration and development of the SMP Gold Project in Tanzania.

At June 30, 2009, the Company has no source of operating cash flow and has an accumulated deficit of \$22,713,278. In addition, the Company incurred a loss of \$1,197,852 for the period ended June 30, 2009. Operations for the period ended June 30, 2009 have been funded primarily from the issuance of shares.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. The Company’s continuing operations and the underlying value and recoverability of the amounts shown for mineral properties are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests and on future profitable production or proceeds from the disposition of the mineral property interests.

2. Basis of Presentation

These interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada (“Canadian GAAP”) and are unaudited but follow the same accounting policies and methods used in the preparation of the most recent annual audited consolidated financial statements, except for the changes in accounting policies described in Note 3. These interim consolidated financial statements do not include all information and note disclosures required by Canadian GAAP for annual financial statements, and therefore should be read in conjunction with the Company’s audited consolidated financial statements for the year ended March 31, 2009.

3. Changes in Accounting Policies

Changes in Accounting Standards

On April 1, 2009, the Company adopted the following new accounting policy as issued by the Canadian Institute of Chartered Accountants (“CICA”):

Section 3064 – Goodwill and Intangible Assets

This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets by profit-oriented enterprises. This section takes effect for annual and interim periods for fiscal years beginning on or after January 1, 2009. The Company has determined that adoption of this new standard has had no material impact on the Company’s financial statements.

Helio Resource Corp.

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the three months ended June 30, 2009

Canadian dollars

Unaudited – Prepared by Management

3. Changes in Accounting Policies (continued)

Changes in Accounting Standards Not Yet Adopted

International Financial Reporting Standards

The Accounting Standards Board (AcSBTM) has announced that IFRS will be the basis of accounting for fiscal years beginning on or after January 1, 2011. For periods after the transition date, the Company will also be required to present comparative amounts from previous periods under IFRS. Management is evaluating the impact that adopting IFRS will have on the Company's financial statements.

4. Property and Equipment

Details are as follows:

	June 30, 2009			March 31, 2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Field equipment	\$ 119,794	\$ (49,097)	\$ 70,697	\$ 119,794	\$ (40,776)	\$ 79,018
Office equipment	191,115	(102,327)	88,788	191,115	(94,112)	97,003
Leasehold improvements	106,951	(51,783)	55,168	106,951	(46,940)	60,011
Motor vehicle	492,184	(194,681)	297,503	492,184	(172,163)	320,021
	<u>\$ 910,044</u>	<u>\$ (397,888)</u>	<u>\$ 512,156</u>	<u>\$ 910,044</u>	<u>\$ (353,991)</u>	<u>\$ 556,053</u>

5. Mineral Properties and Exploration Costs

Details are as follows:

	June 30, 2009	March 31, 2009
Capitalized acquisition costs per licence:		
Saza	\$ 146,818	\$ 146,818
Saza West	79,000	79,000
Ilunga	158,437	158,437
Gap	158,437	158,437
Kwaheri	158,437	158,437
Balance of Mineral Properties at Period End	<u>\$ 701,129</u>	<u>\$ 701,129</u>

Helio Resource Corp.

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the three months ended June 30, 2009

Canadian dollars

Unaudited – Prepared by Management

5. Mineral Properties and Exploration Costs (continued)

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, whereby the Company can earn a 100% interest, subject to a 2% Net Smelter Royalty, in the Saza licence.

In order to vest its interest, the Company must spend \$2,000,000 on exploration over 4 years (spent), issue 50,000 common shares (issued at a fair value of \$25,000) and make cash/share payments totalling \$400,000 to Thorn Tree over the earn-in period. At June 30, 2009 all earn in cash and share payments required to date have been made. The final cash/share payment of \$250,000 is due by November 20, 2009 and will result in the vesting of the Company's interest in the licence. The Company has the option to reduce the royalty from 2% to 1% by paying Thorn Tree \$1,000,000 in cash prior to commencement of commercial production. A finder's fee of 100,000 common shares, for a fair value of \$50,000, was paid in connection with the acquisition.

b) Saza West, Tanzania

On January 1, 2009, the Company signed an option agreement with Thorn Tree whereby the Company can earn a 100% interest, subject to a 2% Net Smelter Royalty, in the Saza West licence within the Lupa Goldfields, in southwest Tanzania.

In order to vest its interest, the Company must issue 1,025,000 common shares (150,000 issued at a fair value of \$54,000) and make cash payments of \$25,000 (paid) to Thorn Tree over the four year earn-in period. At June 30, 2009 all earn in cash and share payments required to date have been made. The Company has the option to reduce the royalty from 2% to 1% by paying Thorn Tree \$1,000,000 in cash prior to commencement of commercial production. There is no minimum exploration expenditure requirement under this agreement.

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); whereby Helio has the option to earn 100% interests in three contiguous Prospecting Licences known as Ilunga, Gap and Kwaheri, subject to a 2% Net Smelter Royalty in each licence. These licences are also within the Lupa Goldfields, in southwest Tanzania.

In order to earn 100% interests in the licences, Helio must spend a total of \$3,000,000 on exploration (spent), issue 150,000 common shares (issued at a fair value of \$120,000), and make cash/share payments totalling \$1,200,000 to Dhahabu over an earn-in period of four years. At June 30, 2009 all cash/share payments required to date have been made and only two remain. The penultimate cash / share payment of \$150,000 is due by August 30, 2009. The final cash / share payment of \$1,350,000 is due by August 30, 2010. Upon successful completion of the earn-in requirements, Helio has the option to reduce the royalty from 2% to 1% by paying Dhahabu \$1,000,000 in cash prior to commencement of production.

Helio Resource Corp.

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the three months ended June 30, 2009

Canadian dollars

Unaudited – Prepared by Management

5. Mineral Properties and Exploration Costs (continued)

d) Namibia

On September 24, 2007 the Company announced the signing of a joint venture agreement with Desert Minerals (UK) Ltd. Desert has the right to explore nine licences, and ultimately retain up to 4 four licences and earn a 75% interest in the retained licences by fully funding a bankable feasibility study.

6. Share Capital

a) Authorized: Unlimited common shares without par value

- b) On April 8, 2009, the Company issued 15,000,000 Units of the Company at a price of \$0.35 per Unit for gross proceeds of \$5,250,000. Each Unit comprised one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.50 for a period of one year ending April 8, 2010 and at a price of \$0.60 during the second year, ending April 8, 2011.

A 6% cash commission was paid to the Agents for 8,000,000 of the units issued. In addition, the Agents received 690,000 Broker Warrants. Each Broker Warrant is exercisable at a price of \$0.35 per Broker Warrant into common shares until April 8, 2011.

All securities issued were subject to a hold period which expired August 8, 2009.

c) Stock Options

The Company has established a share purchase option plan whereby the Board of Directors may grant options to directors, officers, employees or consultants in order to more closely align the grant-recipients' interests with those of shareholders.

The Company has been authorized by its shareholders to grant stock options of 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.

Helio Resource Corp.

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the three months ended June 30, 2009

Canadian dollars

Unaudited – Prepared by Management

6. Share Capital (continued)

c) Stock Options (continued)

Details of stock option activity are as follows:

	June 30, 2009		March 31, 2009	
	Weighted average exercise price	Quantity	Weighted average exercise price	Quantity
Outstanding – Beginning of the period	\$0.68	4,010,000	\$0.64	3,400,000
Granted	--	--	\$0.85	1,150,000
Exercised	\$0.50	(30,000)	--	--
Forfeited or Cancelled	\$0.81	(200,000)	\$0.88	(540,000)
Outstanding - End of the period	\$0.67	3,780,000	\$0.68	4,010,000

The following table summarizes information about stock options outstanding to directors, officers, employees and consultants as at June 30, 2009:

Expiry date	Weighted average remaining life in years	Exercise price \$	Number outstanding	Number exercisable
December 5, 2009	0.4	\$0.50	1,460,000	1,460,000
December 15, 2010	1.5	\$0.50	25,000	25,000
April 24, 2011	1.8	\$0.80	735,000	735,000
April 30, 2012	2.8	\$0.85	200,000	200,000
September 6, 2012	3.2	\$0.70	560,000	560,000
December 2, 2012	3.4	\$0.70	100,000	100,000
July 24, 2013	4.1	\$0.85	700,000	--
	2.0		3,780,000	3,080,000

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:

	June 30, 2009	March 31, 2009
Average risk-free interest rate	None granted	3.4%
Expected dividend yield	in the period	0%
Expected stock price volatility	--	94%
Average expected option life in years	--	4.6 years

Helio Resource Corp.

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the three months ended June 30, 2009

Canadian dollars

Unaudited – Prepared by Management

6. Share Capital (continued)

c) Stock Options (continued)

Option pricing models require the input of highly subjective assumptions including the expected price volatility and expected life. 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.

d) Share Purchase Warrants

Details of stock purchase warrant activity is as follows:

	June 30, 2009		March 31, 2009	
	Weighted average exercise price	Quantity	Weighted average exercise price	Quantity
Outstanding – Beginning of the period	\$0.96	7,040,000	\$0.82	7,285,600
Issued	\$0.53	8,190,000	\$1.07	3,540,000
Exercised	--	--	\$0.89	(1,155,500)
Forfeited / Expired	--	--	\$0.95	(2,630,100)
Outstanding – End of the period	\$0.71	15,230,000	\$0.96	7,040,000

As at June 30, 2009, the outstanding share purchase warrants were as follows:

Expiry Date	Exercise Price	Number of Warrants
January 18, 2010	\$0.85	3,500,000
June 16, 2010	\$0.85	360,000
June 16, 2010	\$1.25	3,180,000
April 8, 2011	\$0.35	690,000
April 8, 2011	\$0.50 / \$0.60	7,500,000
		15,230,000

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

	June 30, 2009	March 31, 2009
Average risk-free interest rate	1.09%	3.25%
Expected dividend yield	0%	0%
Expected stock price volatility	128%	96%
Average expected warrant life in years	1.9 years	2 years

Option pricing models require the input of highly subjective assumptions including the expected price volatility and expected life. 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.

Helio Resource Corp.

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the three months ended June 30, 2009

Canadian dollars

Unaudited – Prepared by Management

7. Segmented Information

The Company has one operating segment, which is mineral exploration in Africa. The Company has no revenue.

Total assets by geographic segment are as follows:

	June 30, 2009	March 31, 2009
Canada	\$ 6,095,260	\$ 1,852,067
Namibia	165,964	210,750
Tanzania	1,422,809	1,413,291
	<u>\$ 7,684,033</u>	<u>\$ 3,476,108</u>

Capital assets, including mineral properties, by geographic segment are as follows:

	June 30, 2009	March 31, 2009
Canada	\$ 85,927	\$ 93,016
Namibia	105,614	118,256
Tanzania	1,021,744	1,045,910
	<u>\$ 1,213,285</u>	<u>\$ 1,257,182</u>

Net loss by geographic segment is as follows:

	June 30, 2009	June 30, 2008
Canada	\$ 340,799	\$ 303,175
Namibia	51,306	138,458
Tanzania	805,747	1,266,740
	<u>\$ 1,197,852</u>	<u>\$ 1,708,373</u>

8. Related Party Transactions

During the period, the Company received legal services in the amount of \$51,700 (June 30, 2008 \$8,700) 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 and, in certain cases, are covered by signed agreements. 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.

9. Subsequent Events

Subsequent to June 30, 2009, 15,000 options and 192,000 warrants were exercised for cash proceeds of \$74,700.

Helio Resource Corp.

(An Exploration Stage Company)

Interim Consolidated Schedule of Exploration Costs

Canadian Dollars

Unaudited - prepared by Management

2009	Tanzania					Namibia	
	Saza	Makongolosi					
		Gap	Kwaheri	Ilunga	Mak. North		
Exploration expenses:							
Geochemical Survey and Assay	13,503	26,499	-	-	-	-	
Drilling and Geophysics	-	337,609	-	-	-	-	
Field Expenses and Consumables	6,775	18,927	3,544	3,544	-	4,423	
Licence and Permits	60	-	-	-	2,063	699	
Consulting	12,314	12,314	12,314	12,314	-	-	
Transportation and Travel	-	2,019	-	-	-	41	
Shipping and Administration	-	16,488	-	-	-	-	
Salaries and Wages	31,311	103,194	15,337	15,357	214	4,597	
Stock-based Compensation	(3,990)	(32,255)	(1,946)	(1,947)	(142)	(609)	
Exploration Office Expenses	11,939	96,508	5,823	5,826	427	33,999	
Total costs for the three months ended June 30, 2009:	71,912	581,303	35,072	35,094	2,562	43,150	769,093

2008	Tanzania					Namibia	
	Saza	Makongolosi					
		Gap	Kwaheri	Ilunga	Mak. North		
Exploration expenses:							
Geochemical Survey and Assay	11,484	9,526	-	-	-	437	
Drilling and Geophysics	465,959	386,525	-	-	-	-	
Field Expenses and Consumables	16,102	5,154	4,634	4,634	-	8,456	
Licence and Permits	-	-	-	-	-	4,484	
Consulting	3,660	3,660	3,660	3,660	-	-	
Transportation and Travel	11,035	11,035	11,035	11,035	-	925	
Shipping and Administration	10,991	9,117	-	-	-	131	
Salaries and Wages	110,900	27,589	5,865	5,881	-	33,960	
Stock-based Compensation	18,230	13,094	729	729	-	1,400	
Exploration Office Expenses	24,271	17,434	970	971	-	48,541	
Total costs for the three months ended June 30, 2008:	672,632	483,134	26,893	26,910	-	98,334	1,307,903