Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS FOR HELIO RESOURCE CORP. TO JUNE 30, 2009

INTRODUCTION

Prepared on August 26, 2009 for the quarter ended June 30, 2009 ("fiscal 2010"), this Management, Discussion and Analysis ("MD&A") supplements, but does not form part of the unaudited consolidated financial statements of Helio Resource Corp. (the "Company"). This MD&A should be read in conjunction with the accompanying unaudited consolidated financial statements for the quarter ended June 30, 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 Q1, fiscal 2010, with no debt and with working capital[1] of $5,702,520.

The Company currently has a diamond drill and a reverse circulation (RC) drill actively working on the SMP Gold Project in Tanzania.

The diamond drill has recently tested the Dubwana (4 drill holes) and Chui targets (1 drill hole) (results pending), and is currently drilling at the Porcupine target with the objective of expanding the known mineralisation along strike and to depth.

The RC drill rig is currently drilling a series of drill fences along strike to the east and west of Porcupine, to identify additional areas for diamond drill follow-up. In addition, the RC rig will be used to test new targets, namely Kasuku, Tumbili, and Cheche West.

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.

HIGHLIGHTS FOR THE QUARTER ENDED JUNE 30, 2009

On April 8, 2009, the Company completed a brokered and non-brokered private placement totalling $5,250,000. The placements were priced at 35c per unit, each unit comprising a common share and a half share purchase warrant, with each full share purchase warrant exercisable into a common share at a price of 50c for a period of 2 years. As a result of the financing Macquarie Bank became a 10.7% shareholder in the Company.

The financing allowed the Company to restart drilling activities at the SMP Project. A diamond drill programme commenced on May 12, completing three holes on the

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

Porcupine Main Zone and three holes on the newly discovered Quill Zone, located approximately 250m north of Porcupine Main Zone.

The remaining diamond drill results from the 2009 drill programme at the Kenge Target were released on April 22, including 6.5m at 9.9g/t Au and 19.2m at 3.1g/t Au.

The RC drill results from the December 2008 programme at Porcupine were released on June 1, 2009, which announced the discovery of two new zones of gold mineralisation in the vicinity on the Porcupine Main Zone.

Soil sampling was completed over the entire project area resulting in the discovery of three extensive gold-in-soil geochemical anomalies, namely Dubwana and Chui (to the north of Porcupine) (reported on May 14 2009), and Cheche West (the western extension of the Saza Mine 1 Shaft) (reported on June 16, 2009).

On May 26, the Company announced that heap leach amenability testwork carried out on material remaining from the Kenge metallurgical testing released August 11, 2008, indicated recoveries of 70% were possible.

EVENTS SUBSEQUENT TO THE PERIOD ENDED JUNE 30, 2009

SMP Gold Project- Tanzania

On July 13, 2009, the Company announced the results from three diamond drill holes drilled at Porcupine, which included 42m at 2.3g/t Au and 45m at 2.1g/t Au. These results indicated very good potential to extend mineralisation to depth and along strike to the east and west.

On July 14, 2009, the Company announced that a 5-hole, 2,500m diamond drill programme had commenced at the Dubwana / Chui Targets. This programme has been completed and results are expected in September. The Company also announced the commencement of an 8,000m RC drill programme in the Porcupine – Gap area. This programme is ongoing and results will be released as they become available.

DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

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

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
June 30, 2009	Nil	(1,197,852)	(0.02)
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)

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. The quarter ended March 31, 2009 was characterized by maintaining the reduced level of spending, while the current quarter, June 30, 2009, was characterized by a return to exploration.

Three months ended June 30, 2009

With funding secured in early April of 2009, the objective for the three months ended June 30, 2009 was to return to exploration by hiring staff, finalizing terms for contractors and mobilizing equipment.

The loss for the three months ended June 30, 2009 (Q1-2010) was $1,197,852, a modest increase from the quarter ended March 31, 2009, but still below the level of spending seen in the quarter ended June 2008 (Q1-2009). This reflects the relative exploration activity of the Company during the various quarters, particularly in regards to drilling and staffing levels.

Exploration costs of $769,093 (Q1-2009 - $1,307,903) decreased versus the equivalent quarter of the preceding year due to more drilling being performed in Q1-2009 than in Q1-2010. In addition, in the current quarter, a reversal of stock-based compensation expense occurred as a number of unvested stock options were cancelled.

Stock based compensation expense has increased from $56,353 in Q1-2009 to $81,195 in Q1-2010. 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.

Salaries and consulting have increased from $108,432 in Q1-2009 to $128,000 in Q1-2010 as a result of increased staffing costs.

Interest income has decreased from $48,832 in Q1-2009 to $11,201 in Q1-2010. This is as a result of lower interest rates. On June 30, 2009, the one year Bank of Canada T-bill yield was 0.57%. The same product one year earlier was yielding 3.15%.

A loss on sale of investment was recorded in Q1-2010 on the liquidation of some marketable securities that were received as an option payment under a joint venture agreement. There was no comparable transaction in Q1-2009.

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 increase in cash and short-term deposits reflects an increase 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 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 year 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, 2009, the Company adopted one new accounting standard that was issued by the Canadian Institute of Chartered Accountants:

Section 3064 – *Goodwill and Intangible Assets* is a new section that is effective for annual or interim periods of 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.

Changes in Accounting Standards Not Yet Adopted

International Financial Reporting Standards ("IFRS") - The Accounting Standards Board (AcSB") 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.

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 is 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 quarter ended June 30, 2009, the Company received legal services in the amount of $51,750 (Q1-2009 - $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. 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 unaudited interim consolidated financial statements for the quarter ended June 30, 2009.

Common Shares:	
Shares outstanding at June 30, 2009	65,468,792
Warrants exercised	192,000
Options exercised	15,000
Shares outstanding at August 26, 2009	65,675,792
Stock Options:	
Options outstanding at June 30, 2009	3,780,000
Options exercised	(15,000)
Options outstanding at August 26, 2009	3,765,000
Warrants:	
Warrants outstanding at June 30, 2009	15,230,000
Warrants exercised	(192,000)
Warrants outstanding at August 26, 2009	15,038,000

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