Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS FOR HELIO RESOURCE CORP. TO JUNE 30, 2010

INTRODUCTION

Prepared on August 23, 2010 for the quarter ended June 30, 2010 ("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, 2010 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. Forward-looking information is necessarily 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. This forward-looking information involves numerous assumptions, risks and uncertainties. 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 seven exploration licences in Namibia, five 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 $3,662,900, largely held as redeemable GICs. The current objectives of the Company are:

1. publishing a NI 43-101 compliant resource estimate before the end of calendar 2010
2. Receiving results from the drill testing of new targets to identify areas for follow-up over the balance of calendar 2010 and into 2011.

Drilling to date has used a combination of diamond and reverse circulation drilling to expand on the resource potential of the Porcupine Target, as well as to drill-test the resource potential of numerous new targets generated in late 2009 from a property-wide high resolution airborne magnetic survey. The next phase of drilling will be designed once the objectives outlined above have been completed.

The Company believes it currently has sufficient cash resources to meet its contractual obligations to March 31, 2011.

HIGHLIGHTS FOR THE QUARTER ENDED JUNE 30, 2010

On April 19, 2010 the Company announced results from three diamond drill holes from the Porcupine Target, which included intercept of 52m grading 1.7g/t Au (GPD 63), 47m grading 2.0g/t Au (GPD 64), and 52m grading 3.7g/t Au (GPD 65). These drill holes were drilled from east to west to test the potential for additional vein sets within the Porcupine Main Zone which could add to the overall grade and ounce potential of the target. The Company believes the results were successful in both regards.

On May 4, 2010 the Company announced the results from GPD 66, drilled on an azimuth of 220 degrees across the Porcupine Target. This hole intersected 79m grading 3.1g/t Au, (true thickness estimated at ~40m), including 38m grading 5.0gt Au. This drill hole provided further evidence for the presence of numerous vein-sets at Porcupine.

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

On June 2, 2010 the Company announced results from GPD 67 and GPD 78, intersecting 56m grading 0,6g/t Au and 64m grading 1.3g/t Au, respectively. GPD 67 was significant in that it intersected a newly identified northwest trending structure that appears to link the Porcupine Main Zone with the Quill Zone, located 250m to the north.

EVENTS SUBSEQUENT TO THE PERIOD ENDED JUNE 30, 2010

SMP Gold Project- Tanzania

On July 26, 2010, the Company announced the results from eleven diamond drill holes and fourteen RC holes, representing the remaining results from the 2010 program at the Porcupine Target. Highlights from this drilling included:

- A 100m extension of the Porcupine Main Zone to the west (31m grading 1.6g/t Au);
- The discovery that Porcupine Main splits into two discreet mineralised zones to the west. For example, GPD 93 intersected 104m grading 1.0g/t Au from 29m depth in the first zone and 19m grading 2.6g/t Au from 221m depth in the second zone.
- A better understanding of the orientation of the Quill Zone; intercepts of 14m grading 4.5g/t Au (GPD 143) and 2m grading 19.4g/t Au (GPD 144)
- Further definition of the NE and NW zones; intercepts of 7m grading 1.3g/t Au, and 8m grading 1.5g/t Au, respectively.

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, 2010	Nil	(2,601,489)	(0.03)
March 31, 2010	Nil	(2,181,817)	(0.03)
December 31, 2009	Nil	(2,120,178)	(0.03)
September 30, 2009	Nil	(2,475,125)	(0.04)
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)

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. Drilling rates peaked in the September 30, 2008 quarter. 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. After a return to drilling in the first quarter of 2010, drilling in fiscal 2010 and the first quarter of 2011 has been relatively steady.

Three months ended June 30, 2010

With funding secured in February 2010, the objective for the quarter ended June 30, 2010 was to conduct the 2010 drill programme.

The loss for the quarter ended June 30, 2010 was $2,601,489, a modest increase from the quarter ended March 31, 2010, and substantially larger than the loss for the quarter ended June 30, 2009 ("Jun-09"). However, the current quarter loss is still far below the level of spending seen in the quarter ended September 2008. This reflects the relative exploration activity of the Company during the various quarters, particularly in regards to drilling and staffing levels.

Exploration costs of $2,129,612 (Jun-09 - $769,093) decreased versus the equivalent quarter of the preceding year due to substantially more drilling being performed in the quarter ended June 30, 2010 than in the quarter ended June 30, 2009. In addition, in the quarter ended June 30, 2009, a reversal of stock-based compensation expense occurred as a number of unvested stock options were cancelled.

Stock-based compensation expense has decreased from $81,195 in the quarter ended June 30, 2009 to $72,326 in the quarter ended June 30, 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.

Professional fees have decreased from $75,744 in the quarter ended June 30, 2009 to $64,541 in the quarter ended June 30, 2010 as a result of the Company's efforts to minimize the use of external resources where sensible.

Interest income has decreased from $11,201 in the quarter ended June 30, 2009 to $2,606 in the quarter ended June 30, 2010. This is as a result of lower interest rates. On June 30, 2010, the one year Bank of Canada T-bill yield was 1.01%. The same product two years earlier was yielding 3.15%.

Foreign exchange losses were $78,393 in the quarter ended June 30, 2010 as compared with foreign exchange gains of $6,604 in the quarter ended June 30, 2009. Exchange gains or losses result from holding foreign currency cash or payables. The quarter ended June 30, 2010 was a particularly volatile period, with the USD-CAD exchange rate moving from a high of 1.085 to a low of 0.9928. Invoices paid in late May and early June caused the majority of the foreign exchange losses as the USD-CAD rate was much higher than it was at March 31, 2010, the most recent valuation date of many of the USD denominated invoices.

A loss on sale of investment was realised in the quarter ended June 30, 2009 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 the quarter ended June 30, 2010.

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 the exercise of warrants or stock options. 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 held as fixed-rate cashable Guaranteed Investment Certificates (GIC's) issued by Canadian chartered banks and credit unions covered by deposit insurance (CDIC or CUDIC). 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.

Before the end of fiscal 2011, the Company must issue 125,000 shares and make payments totalling $675,000 either in cash or shares in order to maintain its Tanzanian property option agreements in good standing. All exploration-spending requirements in property option agreements have been satisfied.

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 foreign currency net payables. This reduces the Company's exposure to gains and losses as a result of fluctuations in foreign exchange markets, while maintaining the Company's purchasing power in Canadian dollars. 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, 2010.

The Company believes it currently has sufficient cash resources to meet its contractual obligations to March 31, 2011.

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, 2010.

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 5.b of the audited consolidated financial statements for the year ended March 31, 2010.

CHANGES IN ACCOUNTING POLICIES

Changes in Accounting Standards

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 areas currently identified as having the greatest potential impact include the functional currency, the basis of consolidation, related party transactions, impairment of assets, financial instruments and the initial adoption of IFRS under the provisions of IFRS 1.

The Company is commencing a more detailed assessment and is streamlining management reporting systems, 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. The Company anticipates that there will be changes to certain accounting policies and these changes may materially impact the financial statements. 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, 2010.

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, 2010, the Company received legal services in the amount of $25,000 (Jun-09 - $51,750) 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, 2010.

Common Shares:	
Shares outstanding at June 30, 2010	78,505,599
Warrants / Options exercised	Nil
Shares outstanding at August 20, 2010	78,505,599
Stock Options:	
Options outstanding at June 30, 2010	4,645,000
Options cancelled	(200,000)
Options outstanding at August 20, 2010	4,445,000
Warrants:	
Warrants outstanding at June 30, 2010	13,053,610
Warrants exercised	Nil
Warrants outstanding at August 20, 2010	13,053,610

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