Form 51-102F1

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

INTRODUCTION

Prepared on November 18, 2010 for the quarter ended September 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 September 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 its gold projects in Tanzania (the SMP Gold Project) and Namibia (the Damara Gold Project).

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 Q2, fiscal 2010, with no debt and with working capital[1] of $2,756,556, 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. Planning a work programme for the SMP Gold Project in Tanzania, with specific emphasis on expanding the resource at Porcupine and testing new targets identified during a structural study conducted in June / July 2010.
3. Planning an initial work programme and budget for the Damara Gold Project in Namibia.

Work in both Tanzania and Namibia is expected to commence in Q1, 2011, subject to accessing funds in the Financial Markets.

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

HIGHLIGHTS FOR THE QUARTER ENDED SEPTEMBER 30, 2010

On July 26, 2010 the Company announced results from the Porcupine Main, NE, and NW Zones as well as the Quill Zone. Highlights are tabulated below:

ZONE	Hole #	From (m)	Width (m)	Grade (g/t Au)
MAIN	GPD 78	136	31	1.6
	and	175	25	1.5
	GPD 92	21	84	0.8
	and	207	44	2.0
	GPD 93	29	104	1.0
	and	221	19	2.6
QUILL	GPR 143	18	14	4.5
	GPR 144	44	2	19.4
NE	GPD 76	21	7	1.3
NW	GPR 150	52	14	0.9
	GPR 154	48	8	1.5

The Company held its Annual General Meeting on August 31, 2010. All resolutions were approved unanimously.

EVENTS SUBSEQUENT TO THE PERIOD ENDED SEPTEMBER 30, 2010

SMP Gold Project- Tanzania

On October 15, 2010, the Company announced the results from all of the remaining reconnaissance drilling completed at the SMP, as tabulated below. The drill programme tested ten new targets, and gold mineralisation was intersected in all ten targets. Significant intersects, i.e. greater than 1g/t Au, were encountered at Reefski, Popo, Dragonfly, Kasuku, Dubwana, Chui, Panya, and Thorntree.

Reefski (narrow veins with high-grade intercepts) and Kasuku (wide zones of low grade mineralisation) both have mineralisation outcropping at surface. Kasuku is of particular interest as the style of alteration and mineralisation resembles the Porcupine Target.

Drill hole #	Target	From (m)	Width (m)	Grade (g/t Au)
GPR130	Reefski E	6	2	7.2
GPR134	Reefski W	14	2	3.3
GPR135	Reefski W	52	2	4.7
GPR136	Reefski W	4	2	1.1
GPD81	Dragonfly	39	1	1.6
GPD84	Dragonfly	189	1	1.0
GPD88	Dragonfly	130	1	1.3

Drill hole #	Target	From (m)	Width (m)	Grade (g/t Au)
GPD88	Dragonfly	176	1	2.6
GPD88	Dragonfly	182	4	1.2
GPR123	Popo	14	2	2.0
GPR124	Popo	58	2	1.3
GPR126	Popo	44	2	3.1
KWR007*	Kasuku	48	26	0.2
KWR008*	Kasuku	82	2	0.9
KWR014*	Kasuku	62	12	0.4
KWR018	Kasuku	2	2	1.9
KWR024*	Kasuku	12	38	0.2
KWR033	Panya	82	2	2.4
MNR003	Chui	6	2	1.0
MNR031	Dubwana	24	2	1.1
SWR26*	Thorntree	56	2	0.8

* Not 1.0g/t Au cut-off grade

Damara Gold Project, Namibia

On October 5, 2010, the Company announced that it had terminated a joint venture agreement with Desert Minerals (UK) Ltd., regarding four exploration licences covering close to 4,000km^2. A review of the historical information from work programmes conducted by Desert and AngloGoldAshanti identified a number of compelling targets, several of which had bedrock gold intersects from drilling which have never been followed up.

Highlights regarding the Damara Gold Project include:

- Licences adjacent to (east of) AngloGoldAshanti's Navachab Gold Mine;
- The same rock formations that host the +5Moz (production + resources) Navachab Gold Mine extend onto Helio's licences;
- Outcropping and drilled gold mineralisation have been encountered within carbonate rocks that have a combined strike length in excess 50km on two of Helio's licences;
- The style of mineralisation encountered on Helio's licences is the same as that found at the Navachab Mine;
- Open-ended 4km+ gold-in-soil anomaly around the Gold Kop target;
- Drilling by AngloGoldAshanti 250m southwest of Gold Kop Mine (former producer) intersected 4m at 8.6g/t Au at the end of the hole, with the last 1m of the hole assaying 18.8g/t Au – this has never been followed up.
- A channel sample across outcropping mineralisation on the Wilhelmstal licence returned 5m grading 11.3g/t Au – this has never been drill tested;
- Shallow RAB drilling in the same rocks 5 – 7km west of the channel sampling returned mineralised intervals including 7m at 2.2g/t Au and 3m at 3.2g/t Au.

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
September 30, 2010	Nil	(1,212,331)	(0.02)
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)

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 December 31, 2008 was characterized by a steady and controlled reduction in activity, while 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 fiscal 2010, drilling in fiscal 2010 and the first quarter of 2011 was relatively steady. During the quarter ended September 30, 2010, drilling was halted, significantly reducing the Company's loss for the quarter.

Three months ended September 30, 2010

The loss for the quarter ended September 30, 2010 was $1,212,331, a significant decrease from the quarter ended September 30, 2009 ("Sep-09"). This reflects the relative exploration activity of the Company during the two quarters, particularly in regards to drilling and staffing levels.

Exploration costs of $786,241 (Sep-09 - $2,242,325) decreased versus the equivalent quarter of the preceding year due to substantially more drilling being performed in the quarter ended September 30, 2009 than in the quarter ended September 30, 2010. In addition, in the quarter ended September 30, 2009, a reversal of stock-based compensation expense occurred as a number of unvested stock options were cancelled.

Stock-based compensation expense has increased from $21,414 in the quarter ended September 30, 2009 to $73,122 in the quarter ended September 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.

Salaries and consulting costs have increased from $121,820 in the quarter ended September 30, 2009 to $132,784 in the quarter ended September 30, 2010 as a result of the Company bringing the investor relations activities in-house.

Travel, meals and entertainment were higher in September 2010 than in Sep-09 due to a greater amount of travel being required in the current quarter.

Foreign exchange losses were $50,063 in the quarter ended September 30, 2010 as compared with foreign exchange gains of $48,358 in the quarter ended September 30, 2009. Exchange gains or losses result from holding foreign currency cash or payables.

Six months ended September 30, 2010

With funding secured in February 2010, the objective for the six months ended September 30, 2010 was to conduct the 2010 drill programme.

The loss for the six months ended September 30, 2010 was $3,813,820, a slight increase over the loss of $3,672,977 for the period ended September 30, 2009. This reflects similar exploration activity during the six month periods, particularly in regards to drilling and staffing levels.

Exploration costs of $2,915,853 for the six months ended September 30, 2009 decreased slightly versus the equivalent quarter of the preceding year (2009 - $3,011,418). Some savings in exploration costs were offset by a foreign exchange loss in the current period.

Stock based compensation expense has increased from $102,609 for the six months ended September 30, 2009 to $145,448 for the six months ended September 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.

Interest income has decreased from $24,803 for the six months ended September 30, 2009 to $15,515 for the six months ended September 30, 2010. This is as a result of lower available interest rates.

The foreign exchange loss experienced in the six months ended September 30, 2010 was not experienced in the six months ended September 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.

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 in order to maintain its Tanzanian property option agreements in good standing. All exploration-spending requirements in property option agreements have been satisfied.

The Company believes it currently has sufficient cash resources to meet its contractual obligations for the next twelve months, absent any significant exploration programs. As mentioned under Outlook in this MD&A, the Company intends to access the Financial Markets to carry out work in both Tanzania and Namibia.

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.

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 higher standards, stronger enforcement, requiring 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 preparing its opening balance sheet and will be meeting with the Company's auditors prior to the annual audit in order to obtain their clearance on the opening balance sheet.

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 $32,000 (Sep-09 - $74,000) 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 unaudited interim consolidated financial statements for the quarter ended June 30, 2010.

Common Shares:	
Shares outstanding at September 30, 2010	79,349,349
Warrants / Options exercised	Nil
Shares outstanding at November 22, 2010	79,349,349
Stock Options:	
Options outstanding at September 30, 2010	4,370,000
Options exercised / cancelled	Nil
Options outstanding at November 22, 2010	4,370,000
Warrants:	
Warrants outstanding at September 30, 2010	13,053,610
Warrants exercised	Nil
Warrants outstanding at November 22, 2010	13,053,610

APPROVAL

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

ADDITIONAL INFORMATION

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