

Helio (TSX-V: HRC) Enters Into Arrangement Agreement with Shanta Gold

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VANCOUVER, June 19, 2017 /CNW/ - Helio Resource Corp ("**Helio**" or the "**Company**"; TSX-V: HRC) and Shanta Gold Limited ("**Shanta**") (AIM: SHG) have entered into a definitive arrangement agreement dated as of June 19, 2017 (the "**Arrangement Agreement**") pursuant to which Shanta will acquire all of the issued and outstanding common shares of Helio (the "**Transaction**") by way of a statutory plan of arrangement (the "**Plan of Arrangement**"). The Company and Shanta are arms-length parties. The Agreement is subject to shareholder and B.C. Supreme Court approval as described below.

Highlights:

- A conditional, all-share transaction for 100% of all issued and outstanding Helio shares in exchange for 59.5 million Shanta shares. If approved, shareholders of the Company will receive .227766 of a Shanta share for each share of the Company. Shanta currently has 583,152,701 shares issued and outstanding. Post-closing, and subject to no further shares being issued by Shanta, Helio shareholders would hold 59.5 million shares out of a total of 642,652,701 Shanta shares, representing 9.26% of the issued capital of Shanta.
- Both Helio and Shanta Boards recommend the transaction.
- Shanta will acquire Helio's SMP project which is located immediately adjacent to Shanta's operating New Luika Gold Mine ("NLGM"). Helio's NI 43-101 Mineral Resource Estimate comprises 590k oz in the Indicated Resource category and 44k oz in the Inferred Resource category, all located within 20km of Shanta's existing NLGM processing plant. Helio's NI 43-101 Mineral Resource Estimate is summarised as follows, and further detail is provided in Tables 1.1 and 1.2 below:
 - A near surface Indicated Resource of 332koz of gold at 1.8g/t gold and an Inferred Resource of 17koz at 1.7g/t gold.
 - An underground Indicated Resource of 258koz gold at 4.9g/t gold and an Inferred Resource of 27koz at 3.8g/t gold.
- Helio's resources are exclusive of NLGM's current probable JORC compliant mine reserves of 515,000 ounces at an average grade of 4.4g/t as announced on 23 March 2017.
- Shanta intends to immediately embark on a review of options to incorporate the additional Helio resources into an optimised business plan for NLGM including an investigation to expand the NLGM production capacity.
- Voting support agreements have been entered into by 39.25% of Helio's shareholders, which includes 4.95% held by Helio's Board of Directors and management.
- Shanta is preparing a NI 43-101 technical report on its assets. A summary of this report will be included in Helio's Information Circular to be mailed to shareholders in support of its upcoming Special General Meeting as further detailed below.

Transaction:

Pursuant to the Plan of Arrangement, subject to approval as detailed below, Shanta will issue 59,500,000 common shares to Helio shareholders. All outstanding incentive stock options of Helio not exercised prior to the completion of the Transaction will be cancelled in accordance with the terms of the Plan of Arrangement. It is anticipated that the Plan of Arrangement will be sent to Helio shareholders in July, 2017, and the transaction will complete in late August, 2017 subject to the terms and conditions of the Arrangement Agreement being satisfied.

Helio holds a 100% interest in the Saza-Makongolosi Project (the "**SMP**"), a gold exploration and development area adjacent to Shanta's producing NLGM mine. The SMP covers an area of 200 km² and comprises 12 valid licences; four retention licences ("RLs") and eight prospecting licences ("PLs"), plus one PL in application. Within this area, Helio has identified over 30 exploration targets.

Richard Williams, Helio's CEO said: "After many years of exploration efforts and a number of economic assessment studies, it is clear that the best outcome for Helio shareholders is to combine with Shanta for the development and production of Helio's gold resources on the SMP property in Tanzania. This all-share transaction represents a unique opportunity for Helio shareholders to participate in the future growth and value creation of the New Luika Gold mine. We look forward to working with Shanta's board and management to complete this transaction in a timely fashion."

Dr. Toby Bradbury, Shanta's CEO, said: "The inclusion of Helio's resources into Shanta creates the opportunity to deliver an expansion option for the New Luika Gold Mine and to also potentially further extend mine life. Significant prospectivity remains in the tenement holdings to add to these resources in the future. New Luika is well established with long term water security plus low cost and long-life power servicing an established and efficient processing plant."

About Helio

Helio focused on six target areas in the SMP, namely Kenge, Mbenge, Snakebite, Porcupine, Gap and Konokono.

Table 1.1 and Table 1.2 summarise the results of the NI 43-101 Mineral Resource Estimate for the SMP Gold project, by category and area.

Table 1.1 NI 43-101 Mineral Resource Estimate – 28 February 2015, SMP Gold Project pit envelope constrained (reported at a cut-off grade of 0.5 g/t Au and economic constraints applied).

Category	Area	Tonnage (kt)	Grade (g/t Au)	Contained Au (koz)
Indicated	Kenge Main	1,951	1.6	100
	Mbenge	796	2.0	51
	Snakebite	-	-	-
Kenge Indicated		2,747	1.7	152
Indicated	Porcupine Main	2,856	1.8	163
	Gap	3	1.0	-
Porcupine Indicated		2,859	1.8	163
Indicated	Konokono	299	1.8	17
Konokono Indicated		299	1.8	17
Total Indicated		5,905	1.8	332
Inferred	Kenge Main	-	-	-
	Mbenge	37	1.2	1
	Snakebite	112	2.4	9
Kenge Inferred		149	2.1	10
Inferred	Porcupine Main	23	0.6	-
	Gap	56	1.5	3
Porcupine Inferred		79	1.2	3
Inferred	Konokono	105	1.2	4
Konokono Inferred		105	1.2	4
Total Inferred		333	1.6	17

Notes:

1. Mineral Resources estimated as of 28 February, 2015.
2. Canadian Institute of Mining ("CIM") standards were followed for estimating Mineral Resources.
3. Totals may appear different from the sum of their components due to rounding.
4. Mineral Resources are estimated using an average gold price of US\$1,400 per ounce.
5. Average bulk density is 2.70 t/m³.
6. Interpolation was by Ordinary Kriging utilizing diamond drill and reverse circulation samples.
7. Pit envelope constrained Mineral Resources are estimated at a cut-off grade of 0.5 g/t Au, constrained by the US\$1,400 Au pit shell.
8. Potentially underground mineable Mineral Resources are estimated at a cut-off grade of 2.5 g/t Au.
9. A minimum mining width of approximately 1 m was used to interpret veins using diamond drill and reverse circulation sampling.
10. The Mineral Resource Estimate was carried out under the supervision of Mr R. Carlson, MAIG (RPG), MAusIMM, an employee of Snowden at the time of the resource estimate and independent of Helio Resource Corp, and a "Qualified Person" for the purpose of National Instrument 43-101.

Table 1.2 NI 43-101 Mineral Resource Estimate – 28 February 2015, SMP Gold Project underground potential (reported at a cut-off grade of 2.5 g/t Au and economic constraints applied).

Category	Area	Tonnage (kt)	Grade (g/t Au)	Contained Au (koz)
Indicated	Kenge Main	516	5.1	84
	Mbenge	120	3.8	15
	Snakebite	-	-	-
Kenge Indicated		636	4.8	99
Indicated	Porcupine Main	940	5.0	152
	Gap	49	3.6	6
Porcupine Indicated		989	5.0	158
Indicated	Konokono	9	3.3	1
Konokono Indicated		9	3.3	1
Total Indicated		1,634	4.9	258
Inferred	Kenge Main	4	4.2	1
	Mbenge	8	3.2	1
	Snakebite	44	3.3	5
Kenge Inferred		57	3.3	6
Inferred	Porcupine Main	99	4.3	14
	Gap	14	2.9	1
Porcupine Inferred		113	4.1	15
Inferred	Konokono	58	3.4	6
Konokono Inferred		58	3.4	6
Total Inferred		228	3.8	27

Notes:

1. Mineral Resources estimated as of 28 February, 2015.
2. Canadian Institute of Mining ("CIM") standards were followed for estimating Mineral Resources.
3. Totals may appear different from the sum of their components due to rounding.
4. Mineral Resources are estimated using an average gold price of US\$1,400 per ounce.
5. Average bulk density is 2.70 t/m³.
6. Interpolation was by Ordinary Kriging utilizing diamond drill and reverse circulation samples.
7. Pit envelope constrained Mineral Resources are estimated at a cut-off grade of 0.5 g/t Au, constrained by the US\$1,400 Au pit shell.
8. Potentially underground mineable Mineral Resources are estimated at a cut-off grade of 2.5 g/t Au.

9. A minimum mining width of approximately 1 m was used to interpret veins using diamond drill and reverse circulation sampling.
10. The Mineral Resource Estimate was carried out under the supervision of Mr R. Carlson, MAIG (RPGEO), MAusIMM, an employee of Snowden at the time of the resource estimate and independent of Helio Resource Corp, and a "Qualified Person" for the purpose of National Instrument 43-101

For further information regarding the SMP Gold Project, please refer to Helio's technical report titled "Helio Resource Corporation – Mineral Resource Estimate for the SMP Gold Project – Project No. L607 – NI 43101 Report for the Saza-Makongolosi Gold Project, Tanzania" with an effective date of February 28, 2015, prepared by Snowden Mining Industry Consultants and filed under Helio's SEDAR profile at www.sedar.com

Advisors

In connection with the Transaction, Helio's Board of Directors formed a Special Committee comprised of the independent, uninterested directors to evaluate the Transaction. The Special Committee has retained Sprott Capital Partners ("**Sprott**") to provide a fairness opinion in respect of the Transaction. Sprott has provided an initial fairness opinion supporting the Transaction and their formal fairness opinion will be included in the Information Circular. McCullough, O'Connor Irwin LLP is legal advisor to Helio. Gowling WLG (Canada) LLP is serving as Canadian legal advisor to Shanta.

Transaction Summary

The Transaction is to be completed by way of a plan of arrangement under the *Business Corporations Act* (British Columbia) that will require the approval of (i) at least two-thirds of the votes cast by the shareholders of Helio and, pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*, (ii) a majority of the votes cast by disinterested shareholders, at a special meeting of shareholders expected to be held in late August, 2017 (the "Helio Meeting"). Plinian Capital Ltd., CE Mining Limited and CE Mining II Helio Limited, the three largest shareholders of Helio, along with all of Helio's directors and officers, which hold in aggregate approximately 39.25% of the outstanding common shares of Helio, have entered into voting and support agreements and agreed to vote their common shares at the Helio Meeting in favor of the Transaction. The directors of Helio have unanimously voted in favor of the Transaction and recommend to its shareholders to vote in favor of the Transaction. It is anticipated that the Transaction will close in late August and is subject to Court and stock exchange approvals and the satisfaction of other closing conditions customary for transactions of this nature. The Transaction and issue of new Shanta shares does not require Shanta shareholder approval. Subject to completion of the Transaction, Helio will be delisted from the TSX Venture Exchange and the shares of Shanta received by the shareholders of the Company would trade on the London AIM stock exchange. Further details on procedures for trading on AIM will be included in the Information Circular of the Company. On completion of the Transaction, Shanta would become a Canadian reporting issuer in the jurisdictions of British Columbia and Alberta. The Arrangement Agreement includes customary provisions, including non-solicitation of alternative transactions, a 5-day right to match superior proposals and fiduciary-out provisions. In addition, Helio may be required to pay a termination fee of CDN\$400,000 if it terminates the Arrangement Agreement in certain specified circumstances.

About Shanta Gold

Shanta Gold is an East Africa-focused gold producer, developer and explorer. It currently has JORC compliant Mineral Resources defined on the New Luika, Nkuluwisi and Singida projects in Tanzania and holds exploration licences over a number of additional properties in the country. Shanta's flagship New Luika Gold Mine commenced production in 2012 and produced 87,713 ounces in 2016. The Company is admitted to trading on London's AIM and has approximately 583 million shares in issue.

For further information please visit: www.Shantagold.com

Qualified Person

Mr. Roderick Carlson, MAIG (RPGEO (Mining and Exploration)), MAusIMM, of Snowden Mining Industry Consultants Pty Ltd, at the time of the estimate, is the independent Qualified Person ("QP") responsible for the Mineral Resource Estimate for the SMP Gold Project. Mr John Hearn, FAusIMM CP(Mining), CEO of Snowden Mining Industry Consultants Pty Ltd., has reviewed and approved the contents of this news release.

Richard Williams, M.Sc., P.Geo., Helio's CEO and a Qualified Person as designated by NI 43-101, has reviewed and approved the contents of this news release.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Statements Regarding Forward-Looking Information

Certain statements contained in this news release may contain forward-looking information within the meaning of Canadian securities laws. Such forward-looking information is identified by words such as "anticipated", "estimates", "intends", "expected", "believes", "may", "will" and include, without limitation, statements regarding the company's plan of business operations (including plans for progressing assets), estimates regarding mineral resources, projections regarding mineralization and projected expenditures. There can be no assurance that such statements will prove to be accurate; actual results and future events could differ materially from such statements. Factors that could cause actual results to differ materially include, among others, metal prices, risks inherent in the mining industry, financing risks, labour risks, uncertainty of mineral resource estimates, equipment and supply risks, title disputes, regulatory risks and environmental concerns. Most of these factors are outside the control of the company. Investors are cautioned not to put undue reliance on forward-looking information. Except as otherwise required by applicable securities statutes or regulation, the company

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