

FORM 51-102F3
Material Change Report

ITEM 1. NAME AND ADDRESS OF COMPANY

Helio Resource Corp.
Suite 580 – 625 Howe Street
Vancouver, British Columbia
V6C 2T6

ITEM 2. DATE OF MATERIAL CHANGE

May 15, 2019

ITEM 3. NEWS RELEASE

Issued on May 15, 2019 and disseminated through Nasdaq/Globe News Wire

ITEM 4. SUMMARY OF MATERIAL CHANGE

Helio announces that, subject to TSX Venture Exchange, it has signed a Letter of Intent (LOI) on May 14, 2019, with Palamina Corp to acquire the Gaban gold project and the Tinka Iron Oxide Copper Gold project, both located in Peru. In conjunction with the acquisition, Helio plans to raise between \$600,000 and \$800,000 through a non-brokered private placement financing to cover the first phase of exploration on the properties and to cover initial working capital. Helio also has reached agreement with certain creditors including insiders to settle a total of \$90,000 in debts by way of issuance of 1,500,000 common shares of the Company at a deemed price of 6c per share. The shares will be issued, subject to TSXV approval, upon closing of the Transaction. As for the SMP Gold Project in Tanzania, Helio has been assured verbally by government officials that the Tanzanian government is not expropriating the ground covered by the Retention Licences and wants to work with the Retention Licence holders to ensure that projects are advanced to the point where a mining licence can be applied for. After consultation with ministers from the Ministry of Minerals, Helio has applied for the ground covered by the Retention Licences to be re-issued as Prospecting licences to allow the project to be advanced.

ITEM 5. FULL DESCRIPTION OF MATERIAL CHANGE

See attached News Release dated May 15, 2019

ITEM 6. RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51- 102

This report is not being filed on a confidential basis.

ITEM 7. OMITTED INFORMATION

There are no significant facts required to be disclosed herein which have been omitted.

ITEM 8. EXECUTIVE OFFICER

Contact: Richard Williams, CEO and Director
Telephone: (604) 210 8753

ITEM 9. DATE OF REPORT

May 15, 2019



HELIO RESOURCE CORP.

Suite 580 – 625 Howe Street
Vancouver, B.C., V6C 2T6
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HELIO TO RAISE A MINIMUM OF \$600,000, ACQUIRE TWO PROJECTS IN PERU, SHARES FOR DEBT SETTLEMENT AND PROVIDES TANZANIA UPDATE

Vancouver, May 15, 2019

Helio Resource Corp (“**Helio**” or the “**Company**”; TSX-V: HRC) is pleased to announce that, subject to TSX Venture Exchange (“TSXV”) approval, it has signed a Letter of Intent (LOI) on May 14, 2019, with Palamina Corp (TSX-V : PA) to acquire the Gaban gold project and the Tinka Iron Oxide Copper Gold project, both located in Peru. In conjunction with the acquisition, Helio plans to raise between \$600,000 and \$800,000 through a non-brokered private placement financing to cover the first phase of exploration on the properties and to cover initial working capital (together, with the other matters referenced herein, the “**Transaction**”). This is an arm’s length transaction and no finders fee is payable.

Private Placement Terms

The proposed financing will consist of up to **10,000,000** Units priced at 6c per Unit, whereby each Unit is comprised of **one (1)** common share of the Company and **one half (1/2)** warrant, whereby one full warrant entitles the holder to purchase one common share of the Company for **10c per common share** at any time within **12 months** of closing the financing.

Project Acquisition Terms

This acquisition of the Gaban and Tinka projects is subject to, in addition to other items, the Company raising a minimum of \$600,000.

Subject to successful completion of a 30-day due diligence period, and receipt of TSXV approval, Helio will issue to Palamina a total of **10 million common shares** of the Company as follows:

- **5 Million** shares immediately upon receipt of TSXV approval for the Transaction; and
- The balance of **5 million** shares is to be issued within 24 months of TSXV approval of the Transaction, either through disinterested shareholder approval for such issuance or via the issuance of no greater than 19.9% of any future share issuance made by the Company.

Palamina will retain a 2% Net Smelter Return (NSR) royalty on each property. Helio will have the right to purchase 50% of each royalty by making a cash payment of \$1,000,000 to Palamina at any time prior to the commencement of commercial production. All shares issued will be subject to a 4 month plus one day hold period from the date of issuance.

Helio will make an Advance Royalty Payment (ARP) of \$25,000 to Palamina on the first and second anniversaries of closing the Transaction. The ARP will double every two years until such time that Helio has either completed a total of 5,000m of drilling or has abandoned the properties.

Upon closing of the Transaction, Palamina has the right to nominate one Director to the Board of Helio and can nominate a second Director to stand for election at Helio’s next annual general meeting.

The Gaban Project

The Gaban Gold Project covers an area of 17,400 hectares, and surrounds the town of San Gaban in the Puno orogenic gold belt. San Gaban, sitting at an elevation of 550m above sea level, is served by excellent infrastructure and is a 4 hour drive via the Trans-oceanic highway to the Puerto Maldonado airport. A nearby 206MW hydro-electric dam provides power to the town.

Palamina staked Gaban to locate the bedrock source of alluvial gold being exploited along the Yanamayo river, which lies wholly within the Gaban project area. At least 10 sets of alluvial mineworkings are known to exist within the project area.

Palamina conducted a stream sediment sampling programme over the Gaban property, collecting a total of 75 samples. Twenty one samples returned assays above detection (5 ppb). Of the 21 samples showing a gold presence, eleven originate from a 5km-long section of the Yanamayo River catchment basin, with assays ranging from 5ppb to 4,891ppb Au (median value of 117ppb Au). In addition, in 2018 Palamina completed a heli-borne magnetic / radiometric survey over the property to identify the possible structural controls for bedrock hosted gold mineralisation. See Palamina's news release of October 29, 2018 on their website at www.palamina.com/news. Palamina has spent approximately US\$500,000 to date on the project.

The Tinka IOCG Project

The Tinka IOCG Project is an early stage exploration target that covers an area of 1,800 hectares. It is located 45 km southeast of the town of Ica (population 280,000) at an elevation of 2,000m, and is 300km southeast of Lima along the Pan-American highway.

Shares for Debt Settlement

The Company has reached agreement with certain creditors including insiders to settle a total of \$90,000 in debts by way of issuance of 1,500,000 common shares of the Company at a deemed price of 6c per share. The shares will be issued, subject to TSXV approval, upon closing of the Transaction.

Tanzania (SMP Gold Project) Update

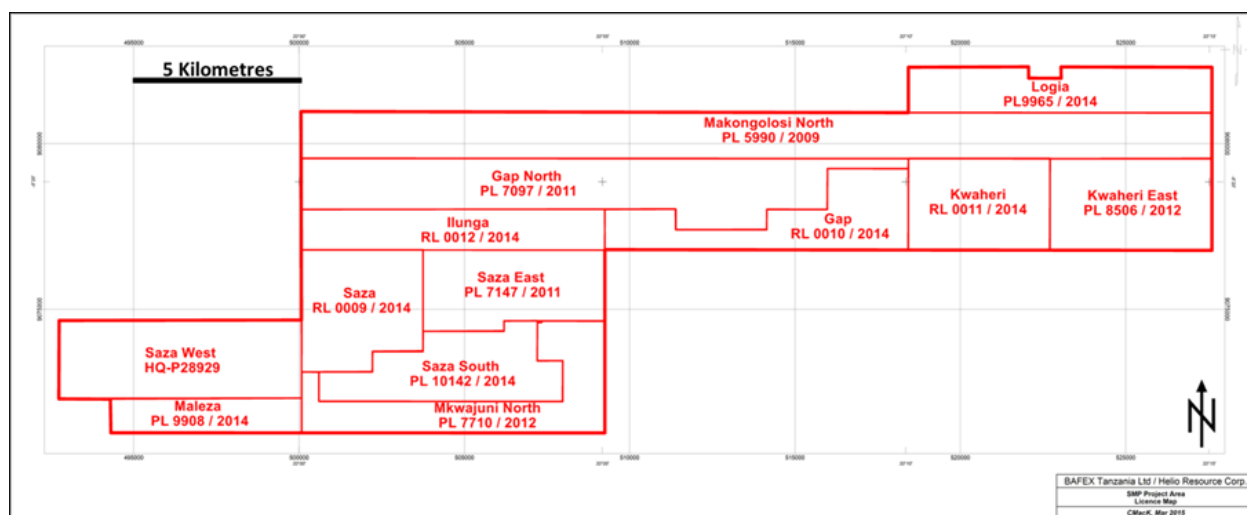
The Company continues to work with the Ministry of Mines in Tanzania to find a sensible solution to the Retention Licence issue. Helio's SMP project comprises 8 Prospecting Licenses (PLs), 4 Retention Licences (RLs), and one licence under application (see map below). The four Retention Licences are RL 0009 (Saza), RL 0010 (Gap), RL 0011 (Kwaheri), and RL 0012 (Illunga). Under the Tanzanian Mining Act, 2010, Retention Licences were issued to projects where a mineral resource had been identified, but the projects could not be developed to mine status by reason of technical constraints, or other economic factors which are temporary in nature.

Changes made in 2017 to the Mining Act (2010) resulted in the Retention Licence classification being abolished and ownership transferred to the Government of Tanzania. The Company has been assured verbally by government officials that the Tanzanian government is not expropriating the ground covered by the Retention Licences and wants to work with the Retention Licence holders to ensure that projects are advanced to the point where a mining licence can be applied for.

The Tanzanian government has formed a Mining Commission which will make recommendations for the way forward with regards to the ground covered by Retention

Licences. After consultation with ministers from the Ministry of Minerals, Helio has applied for the ground covered by the Retention Licences to be re-issued as Prospecting licences to allow the project to be advanced. However, the Commission has yet to make any recommendations.

The SMP Gold Project covers a 200km² area in the Lupa Goldfields, SW Tanzania and is adjacent to the New Luika Gold Mine, operated by Shanta Gold Limited, an AIM-listed company. On March 26, 2015, Helio released a mineral resource estimate for the SMP Gold Project, comprising an Indicated Resource of 7.5 MT grading 2.4 g/t Au for 590,000 oz Au contained, and an Inferred Resource of 0.56 Mt at 2.5 g/t Au containing 45,000 oz Au. The Indicated Resource is broken down into 5.9 Mt grading 1.8 g/t Au for 332,000 oz inside a pit constrained shell at US\$1,400/oz gold price and 1.6 Mt grading 4.9 g/t for 258,000 ounces underground. A NI 43-101 Technical Report for the Mineral Resource Estimate can be viewed here - [click here for full details](#).



Map of the SMP Gold Project

Mr. Richard Williams, M.Sc. (MinEx), P.Geo, is a Qualified Person as defined by National Instrument 43-101 and has supervised the preparation, compilation and review of the geological and technical contents of this press release.

Enquiries:

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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", "wants to" and include, without limitation, statements regarding the Government of Tanzania's future actions or their undisclosed past actions, the Company's Retention Licences, 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, actions of the Government of Tanzania, or other

governments, 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 expressly disclaims any intent or obligation to update publicly forward-looking information, whether as a result of new information, future events or otherwise.