

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

September 19, 2019

ITEM 3. NEWS RELEASE

Issued on September 19, 2019 and disseminated through Nasdaq/Globe News Wire

ITEM 4. SUMMARY OF MATERIAL CHANGE

Helio receives TSX Venture Exchange approval for the acquisition of two projects in Peru, a \$900,000 private placement, shares for debt settlement and announces the appointment of a new director.

ITEM 5. FULL DESCRIPTION OF MATERIAL CHANGE

See attached News Release dated September 19, 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

September 19, 2019



HELIO RESOURCE CORP.

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Vancouver, B.C., V6C 2T6
Phone: 1 604 200 7874

HELIO RECEIVES TSX VENTURE EXCHANGE APPROVAL FOR THE ACQUISITION OF TWO PROJECTS IN PERU, A \$900,000 PRIVATE PLACEMENT, SHARES FOR DEBT SETTLEMENT AND ANNOUNCES THE APPOINTMENT OF A NEW DIRECTOR

SEPTEMBER 19, 2019

Helio Resource Corp (“**Helio**” or the “**Company**”; TSX-V: HRC) is pleased to announce that it has received TSX Venture Exchange (“TSXV”) approval in respect of the following:

- Acquisition of the Gaban Gold project and the Tinka Iron Oxide Copper Gold project, both located in Peru, from Palamina Corp. (TSX-V: PA) (the “Transaction”).
- A \$900,000 non-brokered private placement financing to cover initial working capital and the first phase of exploration on the Gaban Gold Project.
- Settlement of \$90,000 in debt through the issuance of 1,500,000 common shares.

Private Placement Terms

The \$900,000 non-brokered private placement financing was fully subscribed, and comprises **15,000,000** 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. Shares issued in connection with the closing of the financing will be subject to a 4 month plus one day hold period. Part of the proceeds will be used to pay off existing liabilities of the Company. This private placement and the shares for debt described below are, in part, related party transactions and are both exempt from the valuation and shareholder exemption requirements of Multilateral Instrument 61-101 pursuant to, in addition to other sections, ss. 5.5(a) and 5.7(1)(a) respectively of that Instrument. The related material change report will not be filed more than 21 days prior to Closing of the placement and debt settlement due to the uncertainty of knowing, in advance, when and if final TSXV approval would be obtained.

Project Acquisition Terms

In return for the acquisition of the Gaban Gold Project and the Tinka IOCG project, 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 held 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.

New Director

In conjunction with the Transaction, Palamina has nominated Mr. Alistair Waddell to Helio’s Board of Directors. Mr. Waddell is a geologist with over 25 years of diverse resource industry experience, including senior roles with both junior and senior mining companies providing a broad knowledge of the industry. He was a founder and former President and CEO of TSX-V listed GoldQuest Mining Corp. principally focused on exploration in the Dominican Republic. More recently, he was Vice President – Greenfields Exploration for Kinross Gold Corp. responsible for global greenfields exploration, which included working across Latin America, including Peru, where he lived and worked for over three years. The Company welcomes Mr. Waddell to its Board of Directors and looks forward to working with him in the advancement of the Company’s projects.

The Gaban Gold Project

The Gaban Gold Project covers an area of 18,700 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 containing detectable gold, 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 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 Gaban Gold Project is the subject of an NI 43-101 compliant technical report titled “NI 43-101 Technical Report Gaban Property Puno, Peru” with the effective date of August 27, 2019. The Report was prepared for the Company by Mr. David Seers, AusIMM CP(Geo), and is available on SEDAR.

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. Of that total amount, Insiders were issued a total of 600,000 shares to settle \$36,000 of debt and also agreed to write off an additional \$43,000 in debts owed to them.

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.