UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2019 and 2018

Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of Harte Gold Corp. (the "Company" or "Harte") for the three months ended March 31, 2019 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited interim consolidated financial statements have not been reviewed by an auditor.

May 15, 2019

<u>"Stephen G. Roman"</u>
Stephen G. Roman
Chairman, President and CEO

<u>"Rein A. Lehari"</u>
Rein A. Lehari
Chief Financial Officer

Harte Gold Corp.

Statements of Financial Position as at

(Unaudited)

Canadian dollars		March 31, 2019		December 31, 2018
Assets				
Current Assets				
Cash and cash equivalents	**$**	**714,324**	$	7,293,216
Receivables (note 5)		**5,508,986**		2,351,478
Inventories (note 6)		**3,634,675**		-
Prepaids		**2,093,927**		3,074,686
		11,951,912		12,719,380
Long Term Assets				
Restricted cash (note 4)		**500,000**		500,000
Plant and equipment (note 7)		**112,277,015**		100,939,764
Exploration and evaluation expenditures		**-**		12,087,814
	$	**124,728,927**	$	126,246,958
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities (note 8)	**$**	**26,060,951**	$	23,614,991
Short-term debt (note 9)		**29,173,431**		28,216,768
Long-term debt classified as current (note 10)		**48,342,302**		42,499,758
Production payment liability (note 10)		**6,153,781**		5,250,328
Current portion of long-term debt (note 12)		**208,333**		198,333
Flow-through share premium (note 13)		**-**		1,702,281
		109,938,798		101,482,459
Long Term Liabilities				
Long-term debt (note 12)		**348,334**		418,334
Environmental rehabilitation provision (note 11)		**4,820,344**		4,783,587
Total Liabilities		**115,107,476**		106,684,380
Shareholders' Equity				
Capital stock and warrants (notes 14 & 16)		**141,104,339**		141,012,949
Other reserves		**17,176,590**		13,854,726
Deficit		**(148,659,478)**		(135,305,097)
		9,621,451		19,562,578
	$	**124,728,927**	$	126,246,958

Commitments – see note 21
Subsequent events – see note 22

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.

Condensed Statements of Operations and Comprehensive Loss
For the Three Months Ended March 31,

(unaudited)

Canadian dollars		March 31, 2019		March 31, 2018 (as restated)
Revenue (note 17)	**$**	**7,858,879**	$	-
Production costs (note 18)		**(10,525,238)**		-
Depreciation and depletion		**(3,084,151)**		-
Mine operating loss		**(5,750,510)**	$	-
Corporate expenses		**902,262**		679,768
Exploration and evaluation expenses		**2,029,659**		7,604,691
Share-based payments (note 15)		**3,343,254**		4,273,106
Amortization		**1,511**		1,511
Operating earnings loss		**(12,027,196)**		(12,559,076)
Other Expenses (Income)				
Flow-through share premium (note 13)		**(1,702,281)**		(1,173,838)
Loss on production payment liability (note 11)		**1,071,532**		-
Interest & accretion expense		**3,371,958**		3,643
Foreign exchange gain		**(1,414,025)**		(226,822)
		1,327,184		(1,397,017)
Net Loss and Comprehensive Loss	**$**	**(13,354,380)**	$	(11,162,059)
Net loss per share - basic and fully diluted (note 19)	**$**	**(0.022)**	$	(0.020)
Weighted average number of shares outstanding - Basic and diluted (note 19)		**599,762,740**		566,473,085

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.

Condensed Statements of Cash Flows
For the Three Months Ended March 31,

(unaudited)

Canadian dollars		March 31, 2019		March 31, 2018 (as restated)
Cash provided by (used in):				
Operations				
Net loss	**$**	**(13,354,380)**	$	(11,162,059)
Adjustments to reconcile net income (loss) to cash flow from operating activities:				
Depreciation		**3,085,662**		1,511
Share-based payments (note 15)		**3,343,254**		4,273,106
Flow-through share premium (note 13)		**(1,702,281)**		(1,173,838)
Loss on production payment (note 10)		**1,071,532**		-
Loan accretion (note 9 & 10)		**1,230,454**		-
Accretion of reclamation obligation (note 11)		**36,757**		-
Loan accrued interest (note 9 & 10)		**1,291,323**		-
Unrealized foreign exchange gain		**(1,470,988)**		-
		(6,468,667)		(8,061,280)
Net changes in non-cash working capital items:				
Inventory		**(452,659)**		-
Prepaids		**980,759**		(149,962)
Receivables		**(3,157,508)**		(961,107)
Accounts payable and accrued liabilities		**2,445,960**		(1,238,339)
		(6,652,115)		(10,410,688)
Financing				
Long-term debt (note 10 & 12)		**6,233,748**		(60,000)
Interest paid		**(651,295)**		-
Production payments		**(61,995)**		
Issuance of units		**-**		7,653,547
Exercise of options		**70,000**		-
Exercise of warrants		**-**		1,004,775
		5,590,458		8,598,322
Investing				
Plant and equipment additions (note 7)		**(1,000,709)**		(17,506,600)
Mine development costs (note 7)		**(4,516,526)**		-
		(5,517,235)		(17,506,600)
Net increase (decrease) in cash and cash equivalents		**(6,578,892)**		(19,318,966)
Cash and cash equivalents, beginning of the period		**7,293,216**		24,789,164
Cash and cash equivalents, end of the period	**$**	**714,324**	$	5,470,198
Cash and cash equivalents includes the following:				
Cash	**$**	**714,324**	$	5,465,153
Guaranteed investment certificates		**-**		5,045
	$	**714,324**	$	5,470,198

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.

Condensed Statements of Changes in Shareholders' Equity
(unaudited)

Canadian dollars	Common Shares (Note 16) #	Common Shares (Note 16) $	Warrants (Note 18) #	Warrants (Note 18) $	Subtotal $	Other Reserves $	Deficit $	Total Shareholders' Equity $
December 31, 2017	**549,807,654**	**118,105,416**	**22,064,853**	**1,901,088**	**120,006,504**	**8,083,435**	**(95,432,797)**	**32,657,142**
Issued as a result of:								
Private placements (notes 13 and 14)	16,284,143	7,653,547	-	-	7,653,547	-	-	7,653,547
Warrants exercised (note 16)	6,203,500	1,261,836	(6,203,500)	(257,061)	1,004,775	-	-	1,004,775
Stock options granted (note 15)	-	-	-	-	-	4,303,153	-	4,303,153
Net loss for the period	-	-	-	-	-	-	(11,162,059)	(11,162,059)
March 31, 2018	**572,295,297**	**127,020,799**	**15,861,353**	**1,644,027**	**128,664,826**	**12,386,588**	**(106,594,856)**	**34,456,558**
Issued as a result of:								
Private placements (notes 13 and 14)	16,596,625	8,307,383	-	-	8,307,383	-	-	8,307,383
Flow-through premium (note 13)	-	(1,702,281)	-	-	(1,702,281)	-	-	(1,702,281)
Property acquisitions	100,000	30,000	-	-	30,000	-	-	30,000
Share issuance costs	-	(192,290)	118,319	8,165	(184,125)	-	-	(184,125)
Warrants issued on debt (note 10 and 11)	-	-	16,000,000	4,187,462	4,187,462	-	-	4,187,462
Stock options exercised (note 16)	4,100,000	583,938	-	-	583,938	(193,938)	-	390,000
Warrants exercised (note 16)	6,647,530	2,769,773	(6,647,530)	(667,797)	2,101,976	-	-	2,101,976
Warrants expired (note 16)	-		(9,213,824)	(976,230)	(976,230)	976,230	-	-
Stock options granted (note 15)	-	-	-	-	-	685,846	-	685,846
Net loss for the year	-	-	-	-	-	-	(28,710,241)	(28,710,241)
December 31, 2018	**599,739,452**	**136,817,322**	**16,118,318**	**4,195,627**	**141,012,949**	**13,854,726**	**(135,305,097)**	**19,562,578**
Issued as a result of:								
Stock options exercised (note 15)	500,000	91,390	-	-	91,390	(21,390)	-	70,000
Stock options granted (note 15)	-	-	-	-	-	3,343,254	-	3,343,254
Net loss for the period	-	-	-	-	-	-	(13,354,380)	(13,354,380)
March 31, 2019	**600,239,452**	**136,908,712**	**16,118,318**	**4,195,627**	**141,104,339**	**17,176,590**	**(148,659,478)**	**9,621,451**

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

Harte Gold Corp. (The "Company" or "Harte Gold") was incorporated in Ontario on January 22, 1982 and is a reporting issuer in the Provinces of Ontario, Alberta and British Columbia. The common shares of the Company trade on the Toronto Stock Exchange under the symbol "HRT" and on the Frankfurt Stock Exchange under the symbol "H4O". The head office and principal address of the Company is 8 King Street East, Suite 1700, Toronto, Ontario, M5C 1B5.

The Company is engaged in the acquisition and exploration of mineral resource properties with a focus on gold properties located in the Province of Ontario, Canada, and currently owns an interest in two properties: the Sugar Zone Property, 60 km east of the Hemlo area gold mines, located on the north shore of Lake Superior, and; the Stoughton-Abitibi Property (formerly Stoughton-Porcupine), 110 km east of Timmins and 50 km north east of Kirkland Lake.

In 2017, Harte Gold completed a bulk sample program on its Sugar Zone Property to determine the recoverability and economics of its resource. In 2017, the Company also began economic studies on the resource and pursuing permits to enable commercial production. In May 2018, the Company filed a Preliminary Economic Assessment Report and in September 2018, the Company obtained permits required for commercial production. The Company was in the exploration and evaluation stage at December 31, 2018 and declared commercial production in 2019. In February 2019, the Company issued a press release providing an update to its resources and on May 2, 2019, the Company filed a Feasibility Study Report on its Sugar Zone Property.

On the basis of information to date, the Company has not yet identified a mineral resource on its Stoughton-Abitibi Property.

These condensed financial statements have been prepared using accounting principles applicable to a going concern, which assume that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. If the going concern assumption were not appropriate for these condensed financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statements of financial position. As previously noted in its annual financial statements, the Company has been in the process of refinancing its operations, which has culminated in a refinancing package that was announced subsequent to the end of the quarter (see note 22).

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRIC") interpretations applicable to companies reporting under IFRS, including IAS 34, Interim Financial Reporting. Accordingly, certain information and disclosure normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2018, which were prepared in accordance with IFRS.

The management of Harte prepared these unaudited condensed interim financial statements, which were then reviewed by the Audit Committee and the Board of Directors. The unaudited condensed interim financial statements were authorized for issue by the Board of Directors on May 15, 2019.

b) Continuance of Operations

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of interests in mineral properties and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

2. BASIS OF PRESENTATION cont'd

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and noncompliance with regulatory and environmental requirements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the Company's financial statements for the year ended December 31, 2018.

IFRS 6 – Exploration and Evaluation of Mineral Resources

Under IFRS 6, "Exploration and Evaluation of Mineral Resources" ("IFRS 6"), the Company historically capitalized its expenditures on exploration and evaluation ("E&E") activities. Effective December 31, 2018, the Company adopted a voluntary change in accounting policy on E&E expenditures that is also generally accepted under IFRS 6. The Company's new policy on accounting for E&E expenditures is to expense these costs until the requisite permits to enter into commercial production have been obtained. All subsequent expenditures on the property are then capitalized until development stage has been reached or commercial production has been achieved.

In accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", the change in accounting policy has been made retrospectively and the comparatives have been adjusted accordingly for all periods presented. The following table summarizes the impact of the aforementioned voluntary change in accounting policy on affected line items within the Company's statements of financial position, operations and comprehensive loss.

For the three months ended March 31, 2018	As Previously Reported	Effect of Change in accounting policy	Restated
Statement of Operations and Comprehensive Loss			
Exploration and evaluation expenses	-	7,604,691	**7,604,691**
Loss and comprehensive loss for year	(3,557,368)	(7,604,691)	**(11,162,059)**
Basic and diluted loss per share	(0.006)	(0.014)	**(0.020)**

IFRS 15 – Revenue from Contracts with Customers

On January 1, 2019, the Company has adopted IFRS 15 ***Revenue from Contracts with Customers***. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards. The Company has evaluated the standard and has concluded that the application of IFRS 15 did not have a historical impact on its financial statements, during which time the only revenues were those credited against the exploration and evaluation asset during the bulk sample period. Furthermore, the Company has concluded that there are no significant differences between the point of transfer of risks and rewards for its metals under IAS 18 and the point of transfer of control under IFRS 15.

The following principles apply in accounting for revenues:

Gold

The Company sells gold to customers in the form of gold ounces, after the gold doré bars have been refined.

3. SIGNIFICANT ACCOUNTING POLICIES cont'd

The Company recognizes revenues from these sales when control of the gold has transferred to the customer. This is generally at the point in time when the gold is credited to the metal account of the customer. Once the gold has been credited to the customer's metal account, the customer has legal title to, physical possession of, and the risks and rewards of ownership of the gold. Therefore, the customer is able to direct the use of and obtain substantially all of the remaining benefits from the gold.

Revenue is measured at the transaction price agreed to under the contract. Payment of the transaction price is due immediately when control of the gold is transferred to the customer.

Gold Concentrates

The Company sells concentrates containing gold to a third-party smelter customer.

The Company recognizes revenue from these concentrate sales when control of the concentrate has transferred to the customer, which is the point in time that the concentrate is delivered to the customer. Upon delivery, the customer has legal title to, physical possession of, and the risks and rewards of ownership of the concentrate. The customer is also committed to accept and pay for the concentrates once delivered. Therefore, the customer is able to direct the use of and obtain substantially all of the remaining benefits from the concentrate.

The final prices for metals contained in the concentrate are generally determined based on prevailing spot market metal prices on a specific future date, which is established as of the date the concentrate is delivered to the customer. Upon transfer of control at delivery, the Company measures revenue under these contracts based on prices at the time of delivery and the most recent determination of the quantity of contained metals, less smelting and refining charges charged by the customer. This reflects the best estimate of the transaction price expected to be received at final settlement. A receivable is recognized for this amount and subsequently measured at fair value to reflect the variability associated with the embedded derivative for changes in the market metal prices. These changes in the fair value of the receivable are adjusted through revenue at each subsequent financial settlement date.

Inventories

Inventories include, gold-in-circuit**,** gold doré, gold concentrates and consumables inventory. The value of all production inventories includes direct production costs and attributable overhead and depreciation incurred to bring the materials to their current point in the processing cycle. General and administrative costs for the corporate office are excluded from any inventories. All inventories are valued at the lower of cost and net realizable value, with net realizable value determined with reference to market prices, less estimated future production costs (including royalties) to convert inventories into saleable form.

In-circuit inventory represents material that is currently being processed to extract the contained gold into a saleable form. The amount of gold in-circuit is determined by assay values and by measure of the various gold bearing materials in the recovery process. The in-circuit gold is valued at the average of the beginning inventory and the costs of material fed into the processing stream plus in-circuit conversion costs, including applicable mine-site overheads and depreciation related to the processing facility.

Finished goods inventory is saleable gold in the form of dore bars that have been poured or gold concentrates that are awaiting shipment to the smelter. Included in the costs are the direct costs of mining and processing operations as well as direct mine site overheads and depreciation.

Materials and supplies inventories consist mostly of equipment parts and other consumables required in the mining and ore processing activities, and are valued at the lower of average cost and net realizable value.

3. SIGNIFICANT ACCOUNTING POLICIES cont'd

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, although early adoption is permitted, provided the new revenue standard, IFRS 15, has been applied or is applied at the same time as IFRS 16. The Company solely holds short-term leases and leases of low-value assets, which are exempt from the standard.

4. RESTRICTED CASH

At March 31, 2019, $500,000 was held as restricted cash. On October 31, 2018, the Company exercised its option to acquire 1.5% of the royalties on the Sugar Zone Property. A payment of $1,000,000 was made to the holders of 1.0% of the royalties. The Company is attempting to locate the holders of the remaining 0.5% and until such time as payment is made, $500,000 cash is being segregated in its accounts.

5. RECEIVABLES

		March 31, 2019		December 31, 2018
GST/HST receivable	**$**	**1,320,418**	$	1,695,399
Gold sales revenue receivable		**3,962,653**		433,143
Other		**225,914**		222,936
	$	**5,508,986**	$	2,351,478

6. INVENTORIES

		March 31, 2019		December 31, 2018
In-circuit inventory	**$**	**34,414**	$	-
Gold concentrate inventory		**2,390,975**		-
Gold bullion inventory		**787,761**		-
Total mineral inventory		**3,213,151**		-
Materials and supplies		**421,524**		
Total inventory	**$**	**3,634,675**	$	-

The change of inventory recognized in production costs in the three months ended March 31, 2018 was $(277,016).

7. PLANT AND EQUIPMENT

	Land	Buildings	Furniture, Vehicles & Other Equipment	Construction In Process	Plant and Infrastructure	Mine Development	Total
COST							
As at December 31, 2017	902,968	865,526	486,000	25,308,276	-	-	27,562,770
Additions	-	144,360	280,866	73,361,064	-	-	73,786,290
As at December 31, 2018	**$ 902,968**	**$ 1,009,886**	**$ 766,866**	**$ 98,669,340**	**$ -**	**$ -**	**$ 101,349,060**
Additions	-	885,260	191,958	(98,669,340)	98,592,831	13,422,334	14,423,043
As at March 31, 2019	**$ 902,968**	**$ 1,895,146**	**$ 958,824**	**$ -**	**$ 98,592,831**	**$ 13,422,334**	**$ 115,772,103**
ACCUMULATED DEPRECIATION							
As at December 31, 2017	-	43,276	153,897	-	-	-	197,173
Additions	-	85,143	126,980	-	-	-	212,123
As at December 31, 2018	**$ -**	**$ 128,419**	**$ 280,877**	**$ -**	**$ -**	**$ -**	**$ 409,296**
Additions	-	56,240	77,281	-	1,260,591	1,691,682	3,085,793
As at March 31, 2019	**$ -**	**$ 184,659**	**$ 358,157**	**$ -**	**$ 1,260,591**	**$ 1,691,682**	**$ 3,495,089**
NET BOOK VALUE							
As at December 31, 2017	$ 902,968	$ 822,250	$ 332,103	$ 25,308,276	$ -	$ -	$ 27,365,597
As at December 31, 2018	$ 902,968	$ 881,467	$ 485,989	$ 98,669,340	$ -	$ -	$ 100,939,764
As at March 31, 2019	$ 902,968	$ 1,710,488	$ 600,666	$ -	$ 97,332,240	$ 11,730,653	$ 112,277,015

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2019	December 31, 2018
Accounts Payable	**$ 21,362,425**	$ 9,992,753
Accrued Liabilities	**4,698,526**	13,622,237
Total accounts payable and accrued liabilities	**$ 26,060,951**	$ 23,614,991

9. SHORT-TERM DEBT

On May 3, 2018, the Company closed on a short-term debt financing with ANR Investments B.V. ("Appian") in the amount of US $20,000,000. The term of the debt was until November 10, 2018 at an interest rate of 9.5%, unless extended. The debt was extendible to January 25, 2019 at the option of the Company, but the interest rate would increase to 11.5%. The Company did exercise its option to extend. On December 31, 2018, the Company and Appian agreed to further extend the maturity of the debt to May 9, 2019 with an increase in the interest rate to 12.0%. The Appian debt is secured by all the assets of the Company, but subordinate to Sprott long-term debt financing (See Note 10). Prepayment of the Appian debt can be made any time without penalty.

Principal and accrued interest are payable on maturity and the debt is repayable at any time without penalty. In connection with the debt financing, the Company issued 4,000,000 common share warrants to Appian, exercisable at any time until May 11, 2023 at an exercise price of $0.51 per common share. An amount of $1,133,200 was allocated to the warrants.

9. SHORT-TERM DEBT cont'd

Subsequently, the debt amount, net of warrants, is accreted at the effective interest rate of 18.1% so that the balance outstanding will equal the principal amount on maturity.

Subsequent to the end of the quarter, the Company announced a refinancing, the proceeds of which will be used to repay the Appian debt (see note 22).

In conjunction with the December 31, 2018 agreement to further extend the maturity, an additional 2,000,000 common share warrants were issued to Appian, exercisable at any time until May 11, 2023 at an exercise price of $0.50 per common share. An amount of $461,262 was allocated to the additional warrants. The change in the maturity date and interest rate on December 31, 2018 was determined to be a "non-substantial modification" of debt. The difference in the present value arising from the non-substantial modification, in the amount of $507,272, decreased the carrying value of the loan and has been recognized as a gain in the statement of comprehensive loss. The revised carrying amount of the debt instrument due to the non-substantial modification and the value of the additional warrants, which is treated as additional transaction cost, is accreted over the extended term through May 9, 2019 at a revised effective interest rate of 22.1%.

The Company has the option to settle the warrants in cash to the extent the exercise of the options would result in Appian holding in excess of 20% of the issued and outstanding common shares of the Company. The cash settlement amount is calculated as the excess of the fair market value of the common shares as of the date of exercise of the applicable share purchase warrant over the exercise price. The Company has recorded these warrants in warrants reserve as the intention is not to settle in cash.

The fair value of the warrants was accounted for as compensatory in nature and accounted for under IFRS 2. They were calculated using the Black-Scholes model, using the following assumptions:

Number of warrants		4,000,000
Share price	$	0.42
Exercise price	$	0.51
Expected life in years		5.0
Volatility (based on historical volatility)		90.48%
Risk-free interest rate		2.15%
Dividend yield		0%
Fair value per warrant	$	0.283
Fair value of warrants issued	$	1,133,200

Number of warrants		2,000,000
Share price	$	0.39
Exercise price	$	0.50
Expected life in years		4.36
Volatility (based on historical volatility)		84.66%
Risk-free interest rate		1.88%
Dividend yield		0%
Fair value per warrant	$	0.231
Fair value of warrants issued	$	461,262

9. SHORT-TERM DEBT cont'd

Movement in the Appian debt facility is summarized as follows:

Loan drawdown	$25,686,100
Fees, costs & warrants	(1,133,200)
Initial loan amount	24,552,900
Interest expense	2,760,936
Accretion	1,828,671
Exchange loss (gain)	999,458
Gain on loan modification	(507,272)
Additional warrants issued	(461,262)
Balance at March 31, 2019	$29,173,431

At March 31, 2019, the amount owing under the Appian debt facility is US $22,091,945, comprising principal and accrued interest.

10. LONG-TERM DEBT CLASSIFIED AS CURRENT

On May 31, 2018, the Company closed a long-term debt financing with Sprott Private Resource Lending (Collector) LP ("Sprott"). Total funding available under the Sprott debt is US $50,000,000. An initial amount of US $20,000,000 was drawn on closing. On October 11, 2018, the Company drew down US $15,000,000 and a further US $5,000,000 was drawn on February 11, 2019. An initial payment of 2.25% is payable at the time of each draw, calculated on the amount of the draw. Interest is payable monthly at an annual rate of 7.5% plus the 3 month LIBOR rate, with 50% of the monthly interest payable in cash and the balance accrued until June 30, 2019. Thereafter, all interest is payable monthly on a cash basis. Principal plus accrued interest is payable in 42 equal monthly installments, beginning January 31, 2020. Prepayment of the Sprott debt can be made at any time, subject to a prepayment penalty of 3% if made prior to the second anniversary, 2% prior to the third anniversary and nil thereafter. The Sprott debt is a first charge and secured by all the assets of the Company.

The Company also entered into a production payment agreement with Sprott concurrently with the debt facility agreement. In connection with the third drawdown on February 11, 2019, the production payment was adjusted from a fixed rate of US $14 per ounce to be a variable rate calculated at 1.3% of the average monthly gold price, with a floor of US $1,250 and a ceiling of US $1,450 per ounce for the gold price calculation. The change in the variable rate applicable to production payments is effective from February 1, 2019. The Company has the option to terminate the production payment agreement upon payment of a termination fee equal to the net present value of the remaining production payments discounted at 3.5%. The initial fair value of the production payment liability is $4,909,852. The change of the production payment terms from a fixed to a variable rate was determined to be an extinguishment of the initial liability. The net present value of the production payment liability was remeasured using the same discount rate of 3.5% and the difference of $1,101,532 was recognized as a loss in the statement of comprehensive loss.

The production payment liability is accreted at the effective interest rate of 3.5% so that the balance outstanding equals the principal amount on maturity. The carrying value at March 31, 2019 is $6,153,781.

10. LONG-TERM DEBT CLASSIFIED AS CURRENT cont'd

In connection with the debt financing, the Company issued 10,000,000 common share warrants to Sprott, exercisable at any time until May 31, 2023 at an exercise price of $0.49 per common share. An amount of $2,593,000 was allocated to the warrants. The Company has the option to settle the warrants in cash at the time they are exercised.

The cash settlement amount is calculated as the excess of the market price of the common shares as of the day prior to the exercise day over the exercise price. The Company has recorded these warrants in warrants reserve as the intention is not to settle in cash.

Transaction costs related to the Sprott debt facility comprise the issue payment amount, warrants, initial production payment liability, legal expenses and other costs. Transaction costs are recognized as deferred charges and transferred to the debt balance in proportion to debt drawdowns.

The debt amount, net of fees, issuance costs and production payments, is accreted at the effective interest rate of 15.1% at the time of the initial draw and 15.8% at the time of the subsequent draw, so that the balance outstanding will equal the principal amount on maturity. Accretion results in additional non-cash interest expense recorded for the duration of the Sprott debt.

The fair values of the warrants were accounted for as compensatory in nature and are accounted for under IFRS 2. They were calculated using the Black-Scholes model, using the following assumptions:

Number of warrants	10,000,000
Share price	$ 0.39
Exercise price	$ 0.49
Expected life in years	5.0
Volatility (based on historical volatility)	89.86%
Risk-free interest rate	2.06%
Dividend yield	0%
Fair value per warrant	$ 0.259
Fair value of warrants issued	$ 2,593,000

Movement in the Sprott debt facility is summarized as follows:

Loan drawdowns	$ 52,120,000
Warrants	(2,593,000)
Production payment liability	(4,909,852)
Fees	(2,043,909)
Loan amount	42,573,239
Deferred financing fees	1,675,363
Interest expense	1,673,120
Accretion	1,241,669
Exchange loss (gain)	1,178,910
Balance at March 31, 2019	$ 48,342,302

10. LONG-TERM DEBT CLASSIFIED AS CURRENT cont'd

At March 31, 2019, the amount owing under the Sprott debt facility is US $41,264,271, comprising principal and accrued interest.

Principal repayments required under the Sprott debt facility are: 2019 - $nil; 2020 - $15,955,402; 2021 - $15,955,402; 2022 - $15,955,402; 2023 - $7,977,700.

The Company was in default of certain covenants at March 31, 2019. These covenants can be broadly categorized as financial, operating and completion. Consistent with its year end accounts, the accounting treatment is to categorize both the long-term debt and the production payment components of the Sprott facility as current liabilities. Subsequent to the end of the quarter, the Company announced a refinancing that will include the repayment of both the Sprott long-term debt and production payment (see note 22).

11. ENVIRONMENTAL REHABILITATION PROVISION

Pursuant to the Sugar Zone Mine Closure Plan (the "Closure Plan"), the Company is obligated to rehabilitate the Sugar Zone site. The cost of such rehabilitation work was increased to $4,783,587 on approval of the Closure Plan for commercial production, being the present value of the estimated future costs, discounted at a rate of 3.07% per annum. The balance will be accreted over the life of mine.

	March 31, 2019	December 31, 2018
Balance beginning of year	**$ 4,783,587**	$ 1,718,836
Rehabilitation liability arising during the year	**-**	3,064,751
Accretion	**36,757**	-
Balance end of year	**$ 4,820,344**	$ 4,783,587

12. LONG-TERM DEBT

Long-term debt comprises the following:

	March 31, 2019	**December 31, 2018**
Mortgage (a)	70,000	130,000
Mortgage (b)	420,000	420,000
Mortgage (c)	66,667	66,667
	556,667	**616,667**
Current portion of long-term debt	208,333	198,333
	$ 348,334	**$ 418,334**

12. LONG-TERM DEBT cont'd

a) Mortgage Payable

On January 31, 2017, Harte Gold acquired land and buildings in White River, on which the vendors took back a mortgage secured by the property, of $190,000, repayable annually over 3 years, at an annual interest rate of 3.0%. Principal and interest payments are due annually, on each of February 1, 2018 through 2020.

b) Mortgage Payable

On July 19, 2017, Harte Gold acquired a property in White River, on which the vendors took back a mortgage secured by the property, of $525,000, repayable in 5 equal principal payments on each anniversary. Interest is payable semi-annually at a rate of 4.0% per annum.

c) Mortgage Payable

On August 9, 2017, Harte Gold acquired land and buildings in White River, on which the vendors took back a mortgage of $100,000 secured by the property, repayable annually over 3 years at an annual interest rate of 3.0% per annum. Principal and interest payments are due annually, on each of August 10, 2018 through 2020.

Scheduled Principal Repayments

	2019	2020	2021	2022	Total
Mortgage (a)	$ -	$ 70,000	$ -	$ -	$ 70,000
Mortgage (b)	105,000	105,000	105,000	105,000	420,000
Mortgage (c)	33,333	33,334	-	-	66,667
	$ 138,333	**$ 208,334**	**$ 105,000**	**$ 105,000**	**$ 556,667**

13. FLOW-THROUGH SHARE PREMIUM

Flow-through liabilities include the deferred premium portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through issues.

Balance on December 31, 2017	**$**	**1,173,838**
Settlement of liability through renouncement in Q1 2018		(1,173,838)
Liability incurred on flow-through shares issued October 31, 2018		1,702,281
Balance on December 31, 2018	**$**	**1,702,281**
Settlement of liability through renouncement in Q1 2019		(1,702,281)
Balance on December 31, 2019	**$**	**-**

On December 22, 2017, Harte Gold completed a bought deal offering of 9,781,982 flow-through common shares at a price of $0.56 per share, for gross proceeds of $5,477,910. A flow-through share premium of $1,173,838 was recorded on this financing. As of March 31, 2019, all such funds had been spent.

On October 31, 2018, the Company completed a private placement of 13,367,999 flow-through common shares at a price of $0.52 per share for gross proceeds of $6,951,360. A flow-through share premium of $1,702,281 was recorded on this financing. As at March 31, 2019, $4,210,659 of such funds had been spent.

14. CAPITAL STOCK

The Company is authorized to issue an unlimited number of common shares without par value.

The issued and outstanding common shares are as follows:

	March 31, 2019	December 31, 2018
Balance beginning of year	**599,739,452**	549,807,654
Private placement of units and shares	-	19,512,769
Private placement of flow-through units (note 14)	-	13,367,999
Shares for property acquisition	-	100,000
Options exercised (note 16)	**500,000**	4,100,000
Warrants exercised (note 17)	-	12,851,030
Balance end of year	**600,239,452**	599,739,452

On January 9, 2018, Harte Gold completed the final closing of its bought deal private placement, comprising 16,284,143 common shares at a price of $0.47 per share for proceeds of $7,653,547.

On November 23, 2018, Harte Gold completed a private placement of 3,228,626 common shares at a price of $0.42 per share for proceeds of $1,356,023.

15. STOCK OPTION PLAN

The Company has established a stock option plan to provide additional incentives to officers, directors, employees and consultants in their efforts on behalf of the Company in the conduct of its affairs. The terms of the stock option plan provide that the directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant. The number of shares reserved for issuance is not to exceed 10% of the issued and outstanding common shares from time-to-time. At March 31, 2019, the Company had 2,633,945 (December 31, 2018 – 14,283,945) common shares available for granting of future options.

Under the terms of the plan, options vest immediately unless otherwise determined by the board of directors, and expire on the fifth anniversary from the date of issue unless otherwise specified. As at March 31, 2019, a total of 57,390,000 (December 31, 2018 – 45,690,000) options were outstanding under the stock option plan.

The following table provides additional information regarding stock options outstanding at March 31, 2019.

	31-Mar-19		December 31, 2018	
	Weighted Average Exercise Price	**Number of Options**	Weighted Average Exercise Price	Number of Options
Outstanding beginning of period	**$ 0.31**	**45,690,000**	$ 0.22	32,850,000
Transactions during the year:				
Granted	**$ 0.40**	**12,450,000**	$ 0.45	16,140,000
Granted			$ 0.35	500,000
Granted			$ 0.41	500,000
Exercised	**$ 0.10**	**(500,000)**	$ 0.10	(4,100,000)
Cancelled			$ 0.70	(150,000)
Cancelled			$ 0.45	(50,000)
Expired	**$ 0.45**	**(250,000)**		
Outstanding at end of period	**$0.33**	**57,390,000**	$ 0.31	45,690,000
Exercisable at end of period	**$ 0.33**	**55,520,000**	$ 0.31	55,520,000

The weighted average share price on the date of exercise was $0.39 (2017 - $0.61).

15. STOCK OPTION PLAN cont'd

The following table provides additional information regarding stock options outstanding at March 31, 2019.

Expiry Date	Exercise price	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
April 25, 2019	$0.10	0.07	4,540,000	4,540,000
May 9, 2019	$0.15	0.11	50,000	50,000
July 31, 2019	$0.30	0.33	5,000	5,000
October 14, 2020	$0.10	1.54	8,255,000	8,255,000
November 9, 2020	$0.10	1.61	600,000	600,000
March 22, 2021	$0.175	1.98	1,000,000	1,000,000
December 14, 2021	$0.35	2.71	11,400,000	11,400,000
February 26, 2022	$0.42	2.91	1,350,000	1,350,000
May 1, 2022	$0.70	3.09	750,000	750,000
May 29, 2022	$0.71	3.16	150,000	150,000
March 29, 2023	$0.45	4.00	15,840,000	14,545,000
June 21, 2023	$0.35	4.23	500,000	500,000
July 26, 2023	$0.41	4.32	500,000	500,000
January 18, 2024	$0.40	4.81	12,450,000	11,875,000
	$0.33	2.04	57,390,000	55,520,000

The following table summarizes assumptions used with the Black-Scholes valuation model for the determination of stock-based compensation costs for stock options issued during the year ended December 31, 2018 and the three months ended March 31, 2019.

15. STOCK OPTION PLAN cont'd

Grant date	29-Mar-18	21-Jun-18	26-Jul-18	18-Jan-19
Number of options	16,140,000 (3)	500,000 (4)	500,000 (4)	12,450,000 (5)
Share price	$ 0.43	$ 0.36	$ 0.37	$ 0.40
Exercise price	$ 0.45	$ 0.35	$ 0.41	$ 0.40
Expected life in years	5.00	5.00	4.75	5.00
Volatility (1)	92.11%	89.81%	85.94%	85.24%
Risk-free interest rate	1.94%	1.97%	2.16%	1.96%
Dividend yield	0.00%	0.00%	0.00%	0.00%
Fair value per option (2)	$ 0.3030	$ 0.2536	$ 0.2409	$ 0.2704
Fair value assigned to options	$ 4,890,371	$ 126,776	$ 120,430	$ 3,366,169

1 Volatility is determined based on historical share prices

2 Where options have been granted in which vesting is conditional upon future events, the fair value has been estimated taking into account the probability and timing of meeting those future events, and the fair value is recognized based on these probabilities.

3 1,295,000 of these options vest on the first anniversary and 1,295,000 vest on the second anniversary.

4 Options vested immediately.

5 162,500 of these options vest after 3 months and 412,500 vest on the first anniversary.

Certain options were granted to consultants during the year. In the absence of a reliable measure of the services received, the services have been measured at the fair value of the options issued to consultants.

16. WARRANTS

As at March 31, 2019 there were 16,118,318 (December 31, 2018 – 16,118,318) warrants to purchase common shares outstanding.

			Warrants
Balance at December 31, 2017			**22,064,853**
Issued on loans	$	0.49	10,000,000
Issued on loans	$	0.51	4,000,000
Issued on loans	$	0.50	2,000,000
Issued for finder's fee	$	0.52	118,319
Expired			(9,213,824)
Exercised			(12,851,029)
Balance at March 31, 2019			**16,118,319**

The weighted average share price on the date of exercise was $0.41.

16. WARRANTS cont'd

6,000,000 warrants were issued as part of the Appian debt (see note 9) and 10,000,000 warrants were issued as part of the Sprott debt (see note 10). The remaining 118,319 warrants were issued as part of finder's fees on the flow-through common share issue that closed on October 31, 2018.

Issue date		22-Oct-18		31-Oct-18
Number of warrants		41,750		76,569
Share price	$	0.40	$	0.38
Exercise price	$	0.52	$	0.52
Expected life in years		1.5		1.5
Volatility (based on historical volatility)		55.64%		55.51%
Risk-free interest rate		2.25%		2.29%
Dividend yield		0%		0%
Fair value per warrant	$	0.075	$	0.066
Fair value of warrants issued	$	3,149	$	5,016

The expiry dates of warrants outstanding as of March 31, 2019 are as follows:

Expiry date	Number of warrants outstanding	Exercise price	Weighted average remaining contractual life (years)
April 22, 2020	41,750	$ 0.52	1.31
May 1, 2020	76,569	$ 0.52	1.33
May 11, 2023	4,000,000	$ 0.51	4.36
May 11, 2023	2,000,000	$ 0.50	4.36
May 31, 2023	10,000,000	$ 0.49	4.42
	16,118,319	**$ 0.50**	**4.37**

17. REVENUE

Revenue for the three months ended March 31, 2019 comprised the following:

		March 31, 2019		March 31, 2018
Gold and silver sales	**$**	**8,351,257**	$	-
Less royalties		**(123,801)**		-
Less treatment,refining and transport costs		**(368,577)**		-
	$	**7,858,879**	$	-

18. PRODUCTION COSTS

Production costs for the three months ended March 31, 2019 comprised the following:

	March 31, 2019	March 31, 2018
Mining costs	$ 4,515,988	$ -
Milling costs	2,833,376	-
Site indirect costs	3,452,890	-
Production costs	10,802,254	-
Change in inventory	(277,016)	-
	$ 10,525,238	$ -

19. LOSS PER SHARE

	March 31, 2019	March 31, 2018
Loss attributable to common shareholders	$ (13,354,380)	$ (11,162,059)
Weighted average shares outstanding - basic and fully diluted	599,762,740	566,473,085
Loss per share - basic and fully diluted	$ (0.022)	$ (0.020)

The Company excluded the effect of the stock options and warrants in the determination of diluted loss per share as their impact would have been anti-dilutive.

20. RELATED PARTY TRANSACTIONS

The corporation related to Harte Gold during 2019 is Global Atomic Corporation (“GAC”). GAC is a related party since one or more directors, officers and consultants are associated with the Company in the same capacity.

For period ended March 31, 2019	Amount charged	Due (to) from
Global Atomic Corporation	$ 30,000	$ 153,696
For period ended December 31, 2018		
Global Atomic Corporation	$ 120,000	$ 159,289

20. RELATED PARTY TRANSACTIONS cont'd

Amounts due to or from related parties are unsecured, non-interest bearing and due on demand. These are settled on a regular basis. Transactions with related parties were in the normal course of operations and were measured at the same value as if the transactions had occurred with non-related parties. The transactions relate to certain head office costs, such as supplies and rent that are incurred by one entity on behalf of the other.

For the three months ended March 31, 2019 and 2018, the Company paid key management personnel, including officers, directors or their related entities for consulting services and/or management services, as follows:

	March 31, 2019	March 31, 2018
Management and consulting fees	**$ 234,000**	$ 174,000
Consulting fees included in exploration		
and evaluation expenditures	**-**	77,850
Stock based compensation		
- expensed to the Statement of Operations and Comprehensive Loss	**2,549,525**	4,090,459
	$ 2,783,525	$ 4,342,309

21. COMMITMENTS

In accordance with a 2010 agreement, the Company has acquired a 100% interest in 3 claims known as the Halverson claims, which are subject to a 3% net smelter royalty. The Company must make 5 annual royalty prepayments of $20,000 for the 5 years ended June 28, 2019 ($80,000 paid to date). If an economically viable deposit is found within that period, these payments ($100,000 cumulatively) are deemed to be a prepayment of royalties. Otherwise, the royalty obligation is cancelled on completion of the 5 payments. The royalty can be reduced to 1.5% by payment of $1,500,000.

On August 14, 2017, the Company entered into an option agreement to acquire a 100% interest in a claim within the Sugar Zone Property. An initial payment of $12,000 plus 100,000 common shares was made. On the first anniversary, a further payment of $20,000 and 100,000 common shares was made. A final payment of 100,000 common shares is required on the second anniversary. Upon making all such payments, the Company will acquire a 100% interest in the claim, subject to a 3.0% net smelter royalty, which can be reduced to 1.5% by payment of $1,500,000.

The Company also has a commitment under a site access agreement to pay $20,000 per annum during exploration. Upon the start of commercial production, the annual payments increase to $70,000 per annum, subject to a cumulative maximum of $500,000.

In connection with the issuance of flow-through shares and the related renouncement of exploration expenditures, the Company commits to spend such funds on eligible exploration expenditures (see note 13).

The Company has entered into an Impact Benefits Agreement ("IBA") with Pic Mobert First Nation ("Pic Mobert" or "PMFN"), the proximal First Nation, in connection with the Company's Sugar Zone property. The Sugar Zone property is located within the exclusive traditional territory of Pic Mobert. The IBA applies to all mines that may be developed on the 80,000 Ha Sugar Zone property and provides the framework within which Harte Gold and PMFN will continue to work together during the production phase of the Sugar Zone Mine. Key IBA terms include a 4% Net Profits Interest ("NPI"), based on the World Gold Council definition of "all in sustaining cost" metrics, subject to a minimum amount of $500,000 per annum, an implementation payment of $100,000 per annum on April 1st of the year immediately after the Company receives approval of its closure plan, and stock options to purchase 500,000 common shares of the Company at a price of $0.41 for a period of five years (issued).

21. COMMITMENTS cont'd

On May 1, 2018, the Company entered into a service agreement with Redpath Canada Ltd to perform underground mine development and tramming at the Sugar Zone Mine. The contract is for a period of twenty-five months. As at March 31, 2019, the Company has a commitment to pay $40.5 million to Redpath to complete the project.

On July 4, 2018, the Company entered into a service agreement with Foraco Canada Ltd to perform longhole drilling and blasting services. The Company is contracted to pay $8.4 million over the two-year contract terms.

22. SUBSEQUENT EVENTS

On May 6, 2019, the Company announced a US $82.5 million refinancing package, comprising US $10.0 million investment in special shares of the Company by Appian and a US $72.5 million senior debt facility provided by BNP Paribas ("BNP"). Proceeds will be used to repay the existing Appian and Sprott loans as well as for general corporate purposes.

The Appian special share investment is convertible to common shares at a price of Cdn $0.27 per share upon receipt of shareholder approval to enable Appian to increase its ownership of the Company above 20%. Such approval is expected to be obtained at the Company's annual and special meeting of shareholders to be held on June 27, 2019. Additionally, Appian provided a non-equity stand-by facility of US $7.5 million available at Harte's option for a period of 12 months and agreed to extend the maturity of its existing debt facility until closing of the BNP debt facility. The Company has agreed to issue Appian 5 million warrants to purchase common shares at Cdn $0.27 per share for a 5 year period, as compensation for the loan extension and stand-by commitments.

The BNP debt facility consists of a term loan of US $52.5 million and a revolving credit facility of US $20.0 million. Interest on the BNP debt is LIBOR plus 2.875% to 3.875% dependent on credit ratios. Principal repayments under the term loan begin on March 31, 2020 repayable quarterly over 22 quarters through June 30, 2025. The BNP debt facility will replace the Appian and Sprott loans and will be secured by all the assets of the Company.

On May 3, 2019, the Company received approval from the Ministry of Energy, Northern Development and Mines ("MENDM") and the Ministry of Environment, Conservation and Parks to increase its production rate to 800 tonnes per day.

On May 10, 2019, the Company received approval from the MENDM for eleven drill permit applications. The permits have a term of three years.