HARTE GOLD CORP

Financial Statements

December 31, 2013 and 2012
(Expressed in Canadian dollars)

Collins Barrow
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Harte Gold Corp.

We have audited the accompanying financial statements of Harte Gold Corp**.**, which comprise the statements of financial position as at December 31, 2013 and December 31, 2012 and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Harte Gold Corp. as at December 31, 2013, and December 31, 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Collins Barrow Toronto LLP

Collins Barrow Toronto LLP
Licensed Public Accountants
March 18, 2014
Toronto, Ontario

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of Harte Gold Corp. (the "Company" or "Harte Gold") is responsible for the integrity and fair presentation of the accompanying financial statements.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and reflect management's best estimates and judgements.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Management has developed and maintains a system of internal controls to obtain reasonable assurance that the Company's assets are safeguarded, transactions are authorized and financial information is reliable. Any system of internal control over financial reporting has inherent limitations, including the possibility of circumvention and overriding of controls, and therefore, can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Board of Directors oversees management's responsibility for financial reporting and internal control systems. The Board of Directors has reviewed and approved the financial statements.

The financial statements have been audited by Collins Barrow Toronto LLP. Their report outlines the scope of their examination and opinion on the financial statements.

"Stephen G. Roman"	"Rein A. Lehari"
Stephen G. Roman	Rein A. Lehari
Chairman, President & CEO	Chief Financial Officer

March 18, 2014

Harte Gold Corp.

(An Exploration Stage Company)

Statements of Financial Position as at
December 31,

Canadian dollars		December 31, 2013		December 31, 2012
Assets				
Current Assets				
Cash and cash equivalents (note 4)	**$**	**824,189**	$	2,587,839
Receivables (note 5)		**96,292**		152,999
Subscription receivable		**-**		15,000
Prepaids		**7,280**		15,881
		927,761		2,771,719
Restricted Cash (note 4)		**351,119**		348,906
Property and Equipment (note 6)		**58,385**		73,817
Exploration and Evaluation Expenditures (note 7)		**20,959,732**		18,053,084
	$	**22,296,997**	$	21,247,526
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities (note 8)	**$**	**417,498**	$	237,297
Contingency provisions (note 21)		**105,485**		427,425
Flow-through share premium (note 9)		**234,278**		370,771
		757,261		1,035,493
Long Term Liabilities				
Deferred Tax Liability (note 15)		**539,152**		-
Total Liabilities	**$**	**1,296,413**	$	-
Shareholders' Equity				
Capital stock and warrants (notes 10 & 12)		**31,050,989**		29,612,654
Other reserves (note 13)		**3,449,283**		3,327,596
Deficit		**(13,499,688)**		(12,728,217)
		21,000,584		20,212,033
	$	**22,296,997**	$	21,247,526

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.

(An Exploration Stage Company)

Statements of Operations and Comprehensive Loss

For the Years Ended December 31,

Canadian dollars		**2013**		2012
Revenue				
Interest and other income	**$**	**11,528**	$	21,336
Expenses				
Management and consulting fees (note 16)		**257,500**		265,000
Promotion and travel		**8,506**		8,137
Office and general		**123,375**		152,125
Professional fees		**56,487**		74,794
Stock-based compensation (note 11)		**-**		471,604
Shareholders' information		**99,788**		139,280
Amortization		**280**		400
Flow-through share premium (note 9)		**(370,771)**		(101,625)
Part XII.6 interest and penalties		**1,840**		6,887
Mineral Property Impairment (note 7)		**66,842**		-
		243,847		1,016,602
Net Loss and Comprehensive Loss before income taxes		**(232,319)**		(995,266)
Deferred income tax expense (note 15)		**539,152**		-
Net Loss and Comprehensive Loss	**$**	**(771,471)**	$	(995,266)
Net loss per share - basic and fully diluted (note 14)	**$**	**(0.004)**	$	(0.006)
Weighted average number of shares outstanding				
- Basic and diluted		**196,439,071**		170,149,571

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.

(An Exploration Stage Company)

Statements of Cash Flows

For the Years Ended December 31,

Canadian dollars	2013	2012
Cash provided by (used in):		
Operations		
Net loss	**$ (771,471)**	$ (995,266)
Adjustments to reconcile net loss to cash flow from operating activities:		
Amortization	**280**	400
Stock-based compensation	**-**	471,604
Flow-through share premium	**(370,771)**	(101,625)
Deferred tax expense	**539,152**	-
Interest income	**(11,528)**	(21,336)
	(614,338)	(646,223)
Net changes in non-cash working capital items:		
Prepaids	**8,601**	28,755
Subscription receivable	**15,000**	169,500
Receivables	**56,707**	(66,828)
Accounts payable and accrued liabilities	**180,201**	50,720
Contingency provision	**(321,940)**	-
	(675,769)	(464,076)
Financing		
Cost of share issuances	**(131,121)**	(179,549)
Issuance of units	**1,885,700**	4,929,869
	1,754,579	4,750,320
Investing		
Restricted cash	**(2,213)**	(348,906)
Property and equipment	**-**	(2,958)
Additions to exploration and evaluation expenditures	**(2,851,775)**	(5,688,522)
Interest income	**11,528** [1]	21,336 [1]
	(2,842,460)	(6,019,050)
Net increase in cash and cash equivalents	**(1,763,650)**	(1,732,806)
Cash and cash equivalents, beginning of year	**2,587,839**	4,320,645
Cash and cash equivalents, end of year (note 4)	**$ 824,189**	$ 2,587,839

[1] The Company presents cash interest income in investing activities.

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.

(An Exploration Stage Company)

Statements of Changes in Shareholders' Equity

For the Years Ended December 31,

Canadian dollars	Common Shares (Note 10) #	$	Warrants (Note 12) #	$	Subtotal	Other (Note 13) Reserves	Deficit	Total Shareholders' Equity
December 31, 2011	**164,888,114**	**25,210,105**	**93,000**	**12,325**	**25,222,430**	**2,635,482**	**(11,732,951)**	**16,124,961**
Issued as a result of:								
Private placements (notes 9, 10 and 12)	25,193,440	4,707,773	11,655,470	222,096	4,929,869			4,929,869
Flow-through premium (note 9)		(370,771)			(370,771)			(370,771)
Issued to Halverson (note 20)	100,000	23,000			23,000			23,000
Share issuance costs		(195,092)	475,651	15,543	(179,549)			(179,549)
Warrants expired (note 13)			(93,000)	(12,325)	(12,325)	12,325		-
Stock options granted					-	679,789		679,789
Net loss for the period					-		(995,266)	(995,266)
December 31, 2012	**190,181,554**	**29,375,015**	**12,131,121**	**237,639**	**29,612,654**	**3,327,596**	**(12,728,217)**	**20,212,033**
Issued as a result of:								
Private placements (notes 9, 10 and 12)	22,756,692	1,656,152	14,778,846	229,548	1,885,700			1,885,700
Flow-through premium (note 9)		(234,278)			(234,278)			(234,278)
Share issuance costs		(156,602)	967,238	25,481	(131,121)			(131,121)
Warrants expired (note 13)			(3,090,510)	(81,966)	(81,966)	81,966		-
Stock options granted (note 11)						39,721		39,721
Net loss for the period							(771,471)	(771,471)
December 31, 2013	**212,938,246**	**30,640,287**	**24,786,695**	**410,702**	**31,050,989**	**3,449,283**	**(13,499,688)**	**21,000,584**

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, exploration and development of mineral resource properties with a focus on gold properties located in the Province of Ontario, Canada, and currently owns interests in two advanced exploration projects: 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. Harte Gold is planning to complete an Advanced Exploration and Bulk Sample program on its Sugar Zone Property over the next two years and this will determine the recoverability and economics of its resource, and may result in the reclassification of these resources as reserves. On the basis of information to date, the Company has not yet identified a mineral resource on its Stoughton-Abitibi Property.

2. BASIS OF PREPARATION

a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ('IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were approved by the board of directors on March 18, 2014.

b) Basis of Measurement

These financial statements have been prepared on a historic cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

It is reasonably possible that, on the basis of existing knowledge, outcomes in the next financial year that are different from the assumptions used could require material adjustment to the carrying amount of the asset or liability affected.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The accompanying financial statements include all adjustments that are, in the opinion of management, necessary for a fair presentation.

Information regarding significant areas of estimation, uncertainty and critical judgements made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note 7	measurement of the recoverable amounts of exploration and evaluation projects
Note 9	measurement of flow-through share premium
Note 11-12	measurement of stock-based compensation
Note 15	utilization of tax losses and application of the initial recognition exemption
Note 21	provisions and contingencies

2. BASIS OF PREPARATION cont'd

c) *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.

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 significant accounting policies used in the preparation of these financial statements are described below:

a) *Cash and Restricted Cash*

Cash and cash equivalents consist of cash on hand, balances with banks and short-term fixed income deposits, including money market instruments, which are readily convertible into cash with original maturity dates of less than ninety days. Restricted cash consists of cash deposited with a third party and held in trust (Note 4).

b) *Financial Instruments*

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired, as follows:

Fair value through profit or loss – This category comprises derivatives, or assets acquired or costs incurred principally for the purpose of selling or repurchasing such financial assets in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of operations and comprehensive loss.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

3. SIGNIFICANT ACCOUNTING POLICIES cont'd

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statements of operations and comprehensive loss.

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in accumulated other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statements of operations and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was assumed, as follows:

Fair value through profit and loss – This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing such financial liabilities in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of operations and comprehensive loss.

Other financial liabilities – This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost.

The Company has designated cash and cash equivalents and restricted cash as assets at fair value through profit and loss. Receivables (excluding HST receivable) and subscription receivable are designated as loans and receivables and accounts payable and accrued liabilities are designated as other liabilities.

The fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value is as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Financial instruments measured at fair value, level 1, on the statement of financial position consists of cash and cash equivalents.

3. SIGNIFICANT ACCOUNTING POLICIES cont'd

c) *Property and Equipment*

Property and equipment are stated at cost less accumulated amortization. Where an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment.

Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately are capitalized. Amortization of corporate property and equipment, and property and equipment used in the exploration and evaluation phase is recorded using the declining balance method, with management reviewing the useful lives of property and equipment at each statement of financial position reporting date to verify the asset is being amortized over a period equivalent to the useful life of the asset.

The assets are amortized at the following rates:

Site vehicles	20%

Office equipment	30%

d) *Exploration and evaluation expenditures*

Exploration and evaluation expenditures relate to costs incurred on the exploration for and evaluation of potential mineral reserves and include costs related to the following: acquisition of exploration rights; conducting geological studies; exploratory drilling and sampling; and, evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Exploration and evaluation expenditures, including costs of acquiring licenses, are capitalized as exploration and evaluation assets on an “area of interest basis” which generally is defined as a project. The Company considers a project to be an individual geological area whereby the presence of a mineral deposit is considered favorable or has been proven to exist and, in most cases, comprises a single mine or deposit.

Pre-exploration costs are expensed unless it is considered probable that they will generate future economic benefits. The Company expenses all costs incurred prior to obtaining legal rights to a mineral property.

Exploration and evaluation assets are recognized if the rights to the project are current and (1) the expenditures are expected to be recouped through successful development and exploitation of the project, or alternatively by its sale, or (2) active and significant operations in, or in relation to, the project are continuing.

Exploration and evaluation expenditures are initially capitalized as intangible exploration and evaluation assets. Such exploration and evaluation expenditures may include costs of license acquisition, technical services and studies, seismic acquisition, exploration drilling and testing, materials and fuels used, rentals and payments made to contractors and consultants. To the extent that a tangible asset is consumed in developing an intangible exploration and evaluation asset, the amount reflecting that consumption is recorded as part of the cost of the intangible asset.

Once the technical feasibility and commercial viability of the extraction of mineral reserves in a project are demonstrable and permitted, exploration and evaluation assets attributable to that project are first tested for impairment and then reclassified to *Mine Property and Development Projects*. Currently, Harte Gold does not hold any assets classified as Mine Property and Development Projects.

3. SIGNIFICANT ACCOUNTING POLICIES cont'd

e) *Impairment*

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position reporting date. If an indication of impairment exists, the asset's recoverable amount is estimated. The recoverable amount is the greater of the (1) asset's fair value less costs to sell and (2) value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates, or is expected to generate, cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

f) *Stock-based Compensation Transactions*

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. At each reporting date, the Company revises its estimates of the number of options that are expected to vest, based on the non-market vesting conditions. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be reliably measured, they are measured at the fair value of the share-based payment. Otherwise, the stock-based compensations are measured at the fair value of goods or services received.

The fair value of options granted to directors, officers, employees and consultants who work directly on the mineral properties are capitalized to exploration and evaluation expenditures.

g) *Warrants*

Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value. The allocated value of the share component is credited to common shares and the allocated value of the warrant component is credited to warrants in the statement of changes in shareholders' equity. Upon exercise of warrants, consideration paid by the warrant holder, together with the amount previously recognized in warrants, is recorded as an increase to common shares. Upon expiration of warrants, the amount applicable to expired warrants is recorded as an increase to other reserves.

h) *Income Taxes*

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

3. SIGNIFICANT ACCOUNTING POLICIES cont'd

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

i) ***Flow-through Shares***

The Company will from time to time, issue flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into (1) a flow-through share premium, equal to the estimated premium, if any, that investors pay for the flow-through feature, which is recognized as a liability, and (2) share capital. Upon expenses being renounced for income tax purposes, which generally occurs when the paperwork to renounce is filed, the Company recognizes the flow-through share premium previously recorded in respect of the qualifying resource expenditures as other income.

Proceeds received from the issuance of flow-through shares must be spent on Canadian resource property exploration expenditures prior to the calendar year following the year of issuance. The portion of the proceeds received but not yet expended is detailed in Note 9.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the "Look-back" Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as an expense until paid.

At the time of initial recognition, a taxable temporary difference exists and neither accounting profit nor taxable profit is affected, therefore the initial recognition exemption for deferred income taxes applies.

j) ***Provision for Environmental Rehabilitation***

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates from decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. At December 31, 2013 and 2012, the Company does not have any provision for environmental rehabilitation.

k) ***Related Party Transactions***

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. SIGNIFICANT ACCOUNTING POLICIES cont'd

l) *Income/Loss Per Share*

The Company presents basic and diluted income/loss per share data for its common shares, calculated by dividing the income/loss attributed to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income/ per share does not adjust the income/loss attributed to the common shareholders or the weighted average number of common shares outstanding when the effect is antidilutive.

m) *Share Capital*

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

n) *Reversal of Impairment*

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

o) *Provisions*

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reasonable estimate can be made of the amount of the obligation. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimates of the expenditures required to settle the Company's liability.

Provisions are measured at the present value of the expenditures required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense

p) *Segment Reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer of the Company.

The Company has determined that it has one operating segment, the acquisition, exploration and development of mineral resource properties, currently located in Canada. The Company's corporate head office expenditures are considered incidental to the activities of the Company and therefore do not meet the definition of an operating segment.

q) *Accounting standards and amendments issued but not yet adopted*

IFRS 9, *Financial Instruments,* was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income (loss). In November 2013, the IASB issued amendments to IFRS 9 deferring the mandatory effective date, which has not yet been finalized; however early adoption is permitted. The Company is currently evaluating the impact of this standard and amendments on its consolidated financial statements, but it is not expected to be material.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Assets		December 31, 2013		December 31, 2012
Cash	$	424,074	$	697,038
Liquid short term investment		400,115		1,890,801
Total cash and cash equivalents	**$**	**824,189**	$	2,587,839

Restricted cash of $351,119 at December 31, 2013 (2012 - $348,906) is cash held by the Ontario Ministry of Northern Development and Mines ("MNDM") as assurance that the Company will complete its remediation obligations under the proposed Closure Plan in respect of the Advanced Exploration and Bulk Sample program. As of December 31, 2012, the Company had applied for Closure Plan approval and had submitted the cash assurance amount along with its application. The Closure Plan was approved in early February 2013 and the cash will be held in trust by the MNDM until all remediation and closure procedures under the Closure Plan have been completed.

5. RECEIVABLES

		December 31, 2013		December 31, 2012
GST/HST receivable	$	96,292	$	152,561
Miscellaneous receivables		-		438
Total receivables	**$**	**96,292**	$	152,999

6. PROPERTY AND EQUIPMENT

	Office Equipment [1]			Site Vehicles [1]			TOTAL
	Cost	Amortization	NBV	Cost	Amortization	NBV	NBV
December 31, 2011	**$ 7,569**	**$ 1,592**	**$ 5,977**	**$ 107,665**	**$ 23,767**	**$ 83,898**	**$ 89,875**
Additions	2,958	2,236	722	-	16,780	(16,780)	(16,058)
December 31, 2012	**10,527**	**3,828**	**6,699**	**107,665**	**40,547**	**67,118**	**73,817**
Additions	-	2,008	(2,008)	-	13,424	(13,424)	(15,432)
December 31, 2013	**$ 10,527**	**$ 5,836**	**$ 4,691**	**$ 107,665**	**$ 53,971**	**$ 53,694**	**$ 58,385**

1) Amortization on property and equipment located at the exploration site is capitalized to exploration and evaluation expenditures. Amortization on head office property and equipment is expensed.

7. EXPLORATION AND EVALUATION EXPENDITURES

Sugar Zone Property, Hemlo Gold Area

The Sugar Zone Property consists of 414 contiguous claims (comprising 1,844 contiguous claim units) within the Sault Ste. Marie Mining Division located in Ontario, approximately 60 km east of the Hemlo area gold mines, 25 km northeast of White River off the Trans-Canada Highway (#17). The Company owns a 100% interest in 411 of these claims.

7. EXPLORATION AND EVALUATION EXPENDITURES cont'd

Of these, 288 claims are subject to a 3.5% net smelter royalty ("NSR") in favour of the original vendors of the property which can be reduced to 2% through the payment of $1.5 million. Included in the total claims are 3 claims on which the Company holds options (the "Halverson Options") and which are subject to a 3% NSR that can be reduced to 1.5% upon payment of $1.5 million (see note 20).

At the end of 2011, the Company held a 49% interest in 326 claims, excluding the 3 Halverson options, with 100% in the remaining 84 claims. In May 2012, Harte Gold completed its acquisition of the 51% interest that Corona Gold Corporation held in the 326 claims by making a final payment of $2.5 million.

The following costs have been capitalized to exploration and evaluation expenditures in respect of the Sugar Zone Property.

		December 31, 2013		December 31, 2012
Opening Balance	**$**	**18,053,084**	$	12,114,761
Expenditures incurred during the period				
Acquisition costs		**55,978**		2,574,810
Drilling		**775,788**		1,358,959
Geophysics		**-**		342,080
Sampling		**-**		29,274
Assays		**51,202**		41,575
Camp costs		**73,828**		93,803
Direct management/employees		**335,143**		340,590
Site access		**969,992**		127,941
Consultants		**554,257**		767,330
Stock-based compensation		**39,721**		208,184
Amortization of vehicles		**15,152**		18,616
Other costs		**35,587**		35,161
Total for this period		**2,906,648**		5,938,323
Closing Balance	**$**	**20,959,732**	$	18,053,084

Stoughton-Abitibi Property, Timmins Porcupine Gold Area

The Stoughton-Abitibi Property (formerly known as Stoughton-Porcupine property), is located along the Destor-Porcupine Fault, 110 km east of the Timmins, 50 km north-east of Kirkland Lake, Ontario and 10 km due east of the Holloway-Holt gold mine and mill and consists of a 90% interest in 9 claims and a 100% interest in 25 claims in the Larder Lake Mining Division of Ontario.

In 2009, the Company concluded that it should prioritize the Sugar Zone Property and recorded an impairment provision of $2,756,133 against the Stoughton-Abitibi Property. A small exploration program was conducted in 2013, but this led to no changes in the known mineralization on the property. Harte Gold has concluded that it will continue to focus all its efforts on the Sugar Zone Property and accordingly, an impairment provision of $66,842 was recorded in respect of the exploration expenditures incurred on the Stoughton-Abitibi Property during 2013.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2013	December 31, 2012
Accounts Payable	$ 386,815	$ 200,257
Accrued Liabilities		
Audit	30,000	30,000
Other	683	7,040
Total accounts payable and accrued liabilities	**$ 417,498**	**$ 237,297**

9. 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, 2011	**$ 101,625**
Settlement of liability through renouncement in Q1 2012	(101,625)
Liability incurred on flow-through shares issued	
June 15, 2012	49,000
July 23, 2012	53,292
December 4, 2012	205,287
December 27, 2012	63,192
Balance on December 31, 2012	**370,771**
Settlement of liability through renouncement in Q1 2013	(370,771)
Liability incurred on flow-through shares issued	
July 17, 2013	130,000
July 31, 2013	5,500
August 23, 2013	13,500
September 16, 2013	12,000
October 11, 2013	27,000
December 18, 23 and 31, 2013	46,278
Balance on December 31, 2013	**$ 234,278**

In the first quarter of 2012, flow-through expenditures related to various 2011 flow-through shares issued were renounced, thus settling the liability that had been carried forward on the statement of financial position. Similarly, flow-through expenditures related to the various 2012 flow-through share issues were renounced in early 2013.

On June 15, 2012, the Company completed an initial closing of a non-brokered private placement financing of 816,667 flow-through shares at a price of $0.30 per share for gross proceeds of $245,000. A flow-through share premium of $49,000 was recorded on this financing. As of December 31, 2013 and 2012, all funds had been spent.

On July 23, 2012, the Company completed its final closing of a non-brokered private placement financing of 1,065,833 flow-through shares at a price of $0.30 per share for gross proceeds of $319,750. A flow-through share premium of $53,292 was recorded on this financing. As of December 31, 2013 and 2012, all funds had been spent.

9. FLOW-THROUGH SHARE PREMIUM cont'd

On December 4, 2012, the Company completed an initial closing of a non-brokered private placement financing of 10,264,352 flow-through units at a price of $0.17 per unit for gross proceeds of $1,744,940. Each Unit consists of one flow-through common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.25 per common share for a period of 18 months from closing. A flow-through share premium of $205,287 was recorded on this financing. As of December 31, 2013, all funds had been spent (2012 - $159,914).

On December 27, 2012, the Company completed its final closing of a non-brokered private placement financing of 3,159,588 flow-through units at a price of $0.17 per unit for gross proceeds of $537,130. Each Unit consists of one flow-through common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.25 per common share for a period of 18 months from closing. A flow-through share premium of $63,192 was recorded on this financing. As of December 31, 2013, all funds had been spent (2012 - $nil).

On July 17, 2013, the Company closed an initial tranche of a non-brokered private placement financing of 6,500,000 flow-through units at $0.10 per unit for gross proceeds of $650,000. Each flow-through unit consists of one flow-through common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.15 per common share for a period of 24 months from closing. A flow-through share premium of $130,000 was recorded on this financing. As of December 31, 2013, all funds had been spent.

On July 31, 2013, the Company closed a second tranche of a non-brokered private placement financing of 550,000 flow-through units at $0.10 per unit for gross proceeds of $55,000. Each flow-through unit consists of one flow-through common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.15 per common share for a period of 24 months from closing. A flow-through share premium of $5,500 was recorded on this financing. As of December 31, 2013, $23,641 had been spent.

On August 23, 2013, the Company closed the final tranche of a non-brokered private placement financing of 1,350,000 flow-through units at $0.10 per unit for gross proceeds of $135,000. Each flow-through unit consists of one flow-through common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.15 per common share for a period of 24 months from closing. A flow-through share premium of $13,500 was recorded on this financing. As of December 31, 2013, $nil had been spent.

On September 16, 2013, the Company closed an initial tranche of a non-brokered private placement financing of 600,000 flow-through units at $0.10 per unit for gross proceeds of $60,000. Each flow-through unit consists of one flow-through common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.15 per common share for a period of 24 months from closing. A flow-through share premium of $12,000 was recorded on this financing. As of December 31, 2013, $nil had been spent.

On October 11, 2013, the Company closed a second tranche of a non-brokered private placement financing of 900,000 flow-through units at $0.10 per unit for gross proceeds of $90,000. Each flow-through unit consists of one flow-through common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.15 per common share for a period of 24 months from closing. A flow-through share premium of $27,000 was recorded on this financing. As of December 31, 2013, $nil had been spent.

On December 18, 2013, the Company completed an initial closing of a non-brokered private placement financing of 3,825,692 flow-through units at a price of $0.065 per unit for gross proceeds of $248,670. Each Unit consists of one flow-through common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.15 per common share for a period of 24 months from closing. A flow-through share premium of $19,128 was recorded on this financing. As of December 31, 2013, $nil had been spent.

On December 23, 2013, the Company completed a second closing of a non-brokered private placement financing of 1,600,000 flow-through units at a price of $0.065 per unit for gross proceeds of $104,000. Each Unit consists of one flow-through common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.15 per common share for a period of 24 months from closing. A flow-through share premium of $24,000 was recorded on this financing. As of December 31, 2013, $nil had been spent.

9. FLOW-THROUGH SHARE PREMIUM cont'd

On December 31, 2013, the Company completed a third closing of a non-brokered private placement financing of 630,000 flow-through units at a price of $0.065 per unit for gross proceeds of $40,950. Each Unit consists of one flow-through common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.15 per common share for a period of 24 months from closing. A flow-through share premium of $3,150 was recorded on this financing. As of December 31, 2013, $nil had been spent.

10. CAPITAL STOCK

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

Number of shares issued and outstanding.

The issued and outstanding common shares are as follows:

	December 31, 2013	December 31, 2012
Balance beginning of year	**190,181,554**	164,888,114
Private placement of units	6,801,000	9,887,000
Private placement of flow-through shares (note 9)		1,882,500
Private placement of flow-through units (note 9)	15,955,692	13,423,940
Issuance of shares to Halverson (note 20)		100,000
Balance end of year	**212,938,246**	190,181,554

On June 15, 2012, the Company completed an initial closing of a non-brokered private placement financing of 5,250,000 units at a price of $0.25 per unit for gross proceeds of $1,312,500. Each Unit consists of one common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.35 per common share for a period of 12 months from closing.

On July 23, 2012, the Company completed its final closing of a non-brokered private placement financing of 750,000 units at a price of $0.25 per unit for gross proceeds of $187,500. Each Unit consists of one common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.35 per common share for a period of 12 months from closing.

On December 4, 2012, the Company completed an initial closing of a non-brokered private placement financing of 3,320,000 units at a price of $0.15 per unit for gross proceeds of $498,000. Each Unit consists of one common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.25 per common share for a period of 18 months from closing.

On December 27, 2012, the Company completed its final closing of a non-brokered private placement financing of 567,000 units at a price of $0.15 per unit for gross proceeds of $85,050. Each Unit consists of one common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.25 per common share for a period of 18 months from closing.

On July 17, 2013, the Company closed an initial tranche of a non-brokered private placement financing of 125,000 units at $0.08 per unit for gross proceeds of $10,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable at $0.15 per common share for a period of 24 months from closing.

10. CAPITAL STOCK cont'd

On July 31, 2013, the Company closed a second tranche of a non-brokered private placement financing of 1,985,000 units at $0.08 per unit for gross proceeds of $158,800. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable at $0.15 per common share for a period of 24 months from closing.

On August 23, 2013, the Company closed the final tranche of a non-brokered private placement financing of 2,791,000 units at $0.08 per unit for gross proceeds of $223,280. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable at $0.15 per common share for a period of 24 months from closing.

On October 11, 2013, the Company closed a non-brokered private placement financing of 500,000 units at $0.08 per unit for gross proceeds of $40,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable at $0.15 per common share for a period of 24 months from closing.

On December 18, 2013, the Company closed an initial tranche of a non-brokered private placement financing of 300,000 units at $0.05 per unit for gross proceeds of $15,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable at $0.15 per common share for a period of 24 months from closing.

On December 23, 2013, the Company closed a second tranche of a non-brokered private placement financing of 1,000,000 units at $0.05 per unit for gross proceeds of $50,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable at $0.15 per common share for a period of 24 months from closing.

On December 31, 2013, the Company closed a third tranche of a non-brokered private placement financing of 100,000 units at $0.05 per unit for gross proceeds of $5,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable at $0.15 per common share for a period of 24 months from closing.

11. 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 December 31, 2013, the Company had 5,183,825 (December 31, 2012 – 2,758,155) common shares available for granting of future options.

Under the terms of the plan, options vest immediately unless otherwise determined by the Board, and expire on the fifth anniversary from the date of issue unless otherwise specified. As at December 31, 2013, a total of 16,110,000 options (2012 – 16,260,000) were outstanding under the stock option plan.

11. STOCK OPTION PLAN cont'd

	December 31, 2013		December 31, 2012	
	Weighted Average Exercise Price	**Number of Options**	Weighted Average Exercise Price	Number of Options
Outstanding beginning of year	**$ 0.23**	**16,260,000**	$ 0.20	13,280,000
Transactions during the period:				
Granted			$ 0.30	2,980,000
Granted			$ 0.35	250,000
Forfeited	**$ (0.47)**	**(150,000)**	$ (0.50)	(250,000)
Outstanding at end of year	**$ 0.23**	**16,110,000**	$ 0.23	16,260,000
Exercisable at end of year	**$ 0.22**	**15,710,000**	$ 0.22	15,735,000

The following table provides additional information regarding stock options outstanding at December 31, 2013.

Expiry Date	Exercise price	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
February 17, 2014	$0.15	0.13	3,050,000	3,050,000
May 25, 2014	$0.15	0.40	250,000	250,000
January 26, 2015	$0.15	1.07	150,000	150,000
June 22, 2015	$0.15	1.47	6,800,000	6,800,000
July 26, 2015	$0.20	1.57	800,000	800,000
November 9, 2015	$0.70	1.86	500,000	500,000
February 14, 2016	$0.47	2.12	780,000 [1]	530,000
July 14, 2016	$0.40	2.54	400,000	400,000
October 21, 2016	$0.50	2.81	150,000	150,000
May 3, 2017	$0.30	3.34	130,000	130,000
May 28, 2017	$0.35	3.41	250,000	100,000
June 20, 2017	$0.30	3.47	2,850,000	2,850,000
	$0.23	**1.68**	**16,110,000**	**15,710,000**

11. STOCK OPTION PLAN cont'd

Stock-based Compensation

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 years ended December 31, 2013 and 2012:

Grant date	**4-May-12**	**29-May-12**	**20-Jun-12**
Number of options	130,000	250,000 [2]	2,850,000
Share price	$ 0.25	$ 0.28	$ 0.26
Exercise price	$ 0.30	$ 0.35	$ 0.30
Expected life in years	5	5	5
Voilatility [(3)]	110.82%	110.03%	109.60%
Risk-free interest rate	1.44%	1.32%	1.26%
Dividend yield	0.00%	0.00%	0.00%
Fair value per option [(4)]	$ 0.193	$ 0.214	$ 0.200
Fair value assigned to options	$ 25,103	$ 53,475	$ 571,140

[1] 250,000 options of these options vest over time based on the occurrence of certain future events. 500,000 of these options will be extended for a further 5 year term if they are not exercised by February 15, 2016

[2] 100,000 of these options were vested as of December 31, 2013; if these options are not exercised by May 28, 2017, they will be extended for a further 5 year term

[3] Volatility is determined based on historical share prices

[4] 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.

The fair value assigned to options is capitalized to exploration and evaluation expenditures if the expenses related to the services of those individuals have also been capitalized. For the year ended December 31, 2013, $39,721 was capitalized to exploration and evaluation expenditures ($208,184 for the year ended December 31, 2012). The balance of the fair value assigned to options is expensed - $nil for the year ended December 31, 2013 ($471,604 for the year ended December 31, 2012)**.**

12. WARRANTS

As at December 31, 2013 there were 24,786,695 (December 31, 2012 – 12,131,121) warrants to purchase common shares outstanding. Warrants expire as follows:

	Exercise Price	**Warrants**	**Expiry date**
Balance at December 31, 2011		**93,000**	
Expired		(93,000)	
Issued	$ 0.35	2,625,000	June 15, 2013
Issued for finder's fee	$ 0.30	37,200	June 15, 2013
Issued	$ 0.35	375,000	July 23, 2013
Issued for finder's fee	$ 0.30	53,310	July 23, 2013
Issued	$ 0.25	6,792,176	June 4, 2014
Issued for finder's fee	$ 0.18	331,766	June 4, 2014
Issued	$ 0.25	1,863,294	June 27, 2014
Issued for finder's fee	$ 0.18	53,375	June 27, 2014
Balance at December 31, 2012		**12,131,121**	

12. WARRANTS cont'd

	Exercise Price		Warrants	Expiry date
Balance at December 31, 2012			**12,131,121**	
Expired			(3,090,510)	
Issued	$	0.15	3,375,000	July 17, 2015
Issued for finder's fee	$	0.10	455,000	July 17, 2015
Issued	$	0.15	2,260,000	July 31, 2015
Issued for finder's fee	$	0.10	7,000	July 31, 2015
Issued	$	0.15	3,466,000	August 23, 2015
Issued for finder's fee	$	0.10	63,000	August 23, 2015
Issued	$	0.15	300,000	September 16, 2015
Issued for finder's fee	$	0.10	7,000	September 16, 2015
Issued	$	0.15	950,000	October 11, 2015
Issued for finder's fee	$	0.10	63,000	October 11, 2015
Issued	$	0.15	2,212,846	December 18, 2015
Issued for finder's fee	$	0.065	184,638	December 18, 2015
Issued	$	0.15	1,800,000	December 23, 2015
Issued for finder's fee	$	0.065	182,000	December 23, 2015
Issued	$	0.15	415,000	December 31, 2015
Issued for finder's fee	$	0.065	5,600	December 31, 2015
Balance at December 31, 2013			**24,786,695**	

The following table summarizes assumptions used with the Black-Scholes valuation model for the determination of the value allocated to the warrants issued as part of the unit financings during the years ended December 31, 2013 and 2012:

Issue date		**15-Jun-12**		**15-Jun-12**		**23-Jul-12**		**23-Jul-12**
Number of warrants		2,625,000		37,200 [1]		375,000		53,310 [1]
Share price	$	0.24	$	0.24	$	0.25	$	0.25
Exercise price	$	0.35	$	0.30	$	0.35	$	0.30
Expected life in years		1.0		1.0		1.0		1.0
Volatility [(2)]		56.84%		55.75%		54.89%		54.89%
Risk-free interest rate		0.97%		0.97%		0.98%		0.98%
Dividend yield		0%		0%		0%		0%
Fair value per warrant	$	0.025	$	0.036	$	0.038	$	0.038
Fair value of warrants issued	$	65,888	$	3,124	$	14,400	$	2,047
Relative fair value assigned to warrants	$	65,222	$	-	$	13,373	$	-

12. WARRANTS cont'd

Issue date	04-Dec-12	04-Dec-12	27-Dec-12	27-Dec-12
Number of warrants	6,792,176	331,766 [1]	1,863,294	53,375 [1]
Share price	$ 0.15	$ 0.15	$ 0.15	$ 0.15
Exercise price	$ 0.25	$ 0.18	$ 0.25	$ 0.18
Expected life in years	1.5	1.5	1.5	1.5
Volatility [(2)]	56.17%	56.17%	55.11%	55.11%
Risk-free interest rate	1.13%	1.13%	1.13%	1.13%
Dividend yield	0%	0%	0%	0%
Fair value per warrant	$ 0.018	$ 0.0317	$ 0.017	$ 0.031
Fair value of warrants issued	$ 120,222	$ 10,517	$ 31,676	$ 1,655
Relative fair value assigned to warrants	$ 113,524	$ -	$ 29,977	$ -

Issue date	17-Jul-13	17-Jul-13	31-Jul-13	31-Jul-13
Number of warrants	455,000 [1]	3,375,000	7,000 [1]	2,260,000
Share price	$ 0.08	$ 0.08	$ 0.09	$ 0.09
Exercise price	$ 0.10	$ 0.15	$ 0.10	$ 0.15
Expected life in years	2.0	2.0	2.0	2.0
Volatility [(2)]	67.45%	67.45%	69.32%	69.32%
Risk-free interest rate	1.11%	1.11%	1.18%	1.18%
Dividend yield	0%	0%	0%	0%
Fair value per warrant	$ 0.024	$ 0.0155	$ 0.032	$ 0.021
Fair value of warrants issued	$ 11,102	$ 52,313	$ 221	$ 47,686
Relative fair value assigned to warrants	$ -	$ 47,613	$ -	$ 36,011

Issue date	23-Aug-13	23-Aug-13	16-Sep-13	16-Sep-13
Number of warrants	3,466,000	63,000 [1]	300,000	7,000 [1]
Share price	$ 0.09	$ 0.09	$ 0.08	$ 0.08
Exercise price	$ 0.15	$ 0.10	$ 0.15	$ 0.10
Expected life in years	2.0	2.0	2.0	2.0
Volatility [(2)]	74.01%	74.01%	75.31%	75.31%
Risk-free interest rate	1.23%	1.23%	1.29%	1.29%
Dividend yield	0%	0%	0%	0%
Fair value per warrant	$ 0.0235	$ 0.0338	$ 0.0191	$ 0.0278
Fair value of warrants issued	$ 81,451	$ 2,129	$ 5,730	$ 195
Relative fair value assigned to warrants	$ 61,837	$ -	$ 5,119	$ -

12. WARRANTS cont'd

Issue date	**11-Oct-13**	**11-Oct-13**	**18-Dec-13**	**18-Dec-13**
Number of warrants	950,000	63,000 [1]	2,212,846	184,638 [1]
Share price	$ 0.07	$ 0.07	$ 0.06	$ 0.06
Exercise price	$ 0.15	$ 0.10	$ 0.15	$ 0.065
Expected life in years	2.0	2.0	2.0	2.0
Volatility (2)	95.74%	95.74%	99.04%	99.04%
Risk-free interest rate	1.09%	1.09%	1.10%	1.10%
Dividend yield	0%	0%	0%	0%
Fair value per warrant	$ 0.0224	$ 0.0293	$ 0.0182	$ 0.0301
Fair value of warrants issued	$ 21,280	$ 1,846	$ 40,274	$ 5,558
Relative fair value assigned to warrants	$ 18,376	$ -	$ 34,219	$ -

Issue date	**23-Dec-13**	**23-Dec-13**	**31-Dec-13**	**31-Dec-13**
Number of warrants	1,800,000	182,000 [1]	415,000	5,600 [1]
Share price	$ 0.05	$ 0.05	$ 0.06	$ 0.060
Exercise price	$ 0.15	$ 0.065	$ 0.15	$ 0.065
Expected life in years	2.0	2.0	2.0	2.0
Volatility (2)	101.05%	101.05%	100.73%	100.73%
Risk-free interest rate	1.10%	1.10%	1.10%	1.10%
Dividend yield	0%	0%	0%	0%
Fair value per warrant	$ 0.0138	$ 0.0234	$ 0.0188	$ 0.0306
Fair value of warrants issued	$ 24,840	$ 4,259	$ 7,802	$ 171
Relative fair value assigned to warrants	$ 20,855	$ -	$ 5,519	$ -

1 In the absence of a reliable measure of the services received, the services have been measured at the fair value of the finder's warrants issued.
2 Volatility is determined based on historical share prices.

12. WARRANTS cont'd

The expiry dates of warrants outstanding as of December 31, 2013 are as follows:

Expiry date	Number of warrants outstanding	Exercise price	Weighted average remaining contractual life (years)
June 4, 2014	6,792,176	$ 0.25	0.42
June 4, 2014	331,766	$ 0.18	0.42
June 27, 2014	1,863,294	$ 0.25	0.49
June 27, 2014	53,375	$ 0.18	0.49
July 17, 2015	455,000	$ 0.10	1.54
July 17, 2015	3,375,000	$ 0.15	1.54
July 31, 2015	2,260,000	$ 0.15	1.58
July 31, 2015	7,000	$ 0.10	1.58
August 23, 2015	3,466,000	$ 0.15	1.64
August 23, 2015	63,000	$ 0.10	1.64
September 16, 2015	300,000	$ 0.15	1.71
September 16, 2015	7,000	$ 0.10	1.71
October 11, 2015	950,000	$ 0.15	1.78
October 11, 2015	63,000	$ 0.10	1.78
December 18, 2015	2,212,846	$ 0.15	1.96
December 18, 2015	184,638	$ 0.065	1.96
December 23, 2015	1,800,000	$ 0.15	1.98
December 23, 2015	182,000	$ 0.065	1.98
December 31, 2015	415,000	$ 0.15	2.00
December 31, 2015	5,600	$ 0.065	2.00
	24,786,695	**$ 0.18**	**1.25**

13. OTHER RESERVES

	31-Dec-13	31-Dec-12
Balance beginning of year	**3,327,596**	2,635,482
Stock-based compensation expense (note 11)	**39,721**	679,789
Fair value assigned to expired warrants	**81,966**	12,325
Balance end of year	**3,449,283**	3,327,596

14. LOSS PER SHARE

The calculation of the basic loss per share for the year ended December 31, 2013 was based on the loss attributable to common shareholders of $771,471 (year ended December 31, 2012 - $995,266) and a weighted average number of common shares outstanding of 196,439,071 (December 31, 2012 – 170,149,571).

There have been no significant capital transactions from the reporting date to the date of this filing which have had a material impact on loss per share.

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.

15. INCOME TAXES

(a) Provision for Income Taxes

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rate is as follows:

	December 31, 2013	December 31, 2012
Loss before income taxes	**$ (232,319)**	$ (995,266)
Combined Federal and Provincial tax rate	**25.00%**	25.00%
Expected recovery at statutory rates	**(58,080)**	(248,817)
Stock-based compensation	**-**	117,901
Flow-through share premium	**(92,693)**	(25,406)
Change in unrecognized portion of deferred tax asset	**-**	(444,215)
Share issue costs	**(32,780)**	(48,773)
Change in tax rate and other	**11,000**	(18,584)
Adjustment to CEE and CDE	**-**	269,144
CEE renounced in the year	**711,705**	398,750
Deferred income tax recovery	**$ 539,152**	**$ -**

(b) Deferred Tax Balances

The deferred income tax balances comprise the following temporary differences:

	December 31, 2013	December 31, 2012
Resource properties	**$ (2,395,124)**	$ (1,700,131)
Non-capital loss carry forwards	**1,756,692**	1,571,804
Share issue costs and other	**99,280**	128,327
Future tax liability	**$ (539,152)**	$ -

15. INCOME TAXES cont'd

(c) Tax Loss Carry-forwards

The Company has accumulated non-capital losses of $7,027,000 which may be deducted in the calculation of taxable income in future years. The losses expire as follows:

2014	$	670,000
2015		341,000
2025		623,000
2026		535,000
2027		496,000
2028		1,070,000
2029		732,000
2030		108,000
2031		883,000
2032		837,000
2033		732,000
	$	**7,027,000**

16. RELATED PARTY TRANSACTIONS

Balances and transactions with related parties as at and for the years ended December 31, 2013 and 2012 were as follows:

For year ended December 31, 2013		Amount charged		Outstanding balance
Silvermet Inc.	**$**	**40,394**	$	-
Global Atomic Fuels Corporation		**79,988**		17,459

For year ended December 31, 2012		Amount charged		Outstanding balance
Silvermet Inc.	**$**	**46,382**	$	-
Global Atomic Fuels Corporation		**74,354**		17,975

Amounts due to or from related parties are unsecured, non-interest bearing and due on demand. These are settled on a regular basis. These companies are related parties since one or more directors, officers and consultant are associated with these companies in the same capacity. The related party payments to Silvermet relate to reimbursement for Harte Gold's share of the office lease and are expensed. The related party payments to Global Atomic Fuels Corporation reimburse for Harte Gold's share of office personnel and supplies expenses, and are expensed as incurred.

16. RELATED PARTY TRANSACTIONS cont'd

For the years ended December 31, 2013 and 2012, the Company paid key management personnel, including officers, directors or their related entities for consulting services and/or management services, as follows:

		December 31, 2013		December 31, 2012
Management and consulting fees	**$**	**257,500**	$	265,000
Consulting fees included in exploration and evaluation expenditures		**95,000**		100,000
Stock based compensation				
- expensed to the Statement of Operations and Comprehensive Loss		**-**		470,940
- capitalized to exploration and evaluation expenditures		**-**		100,200

17. FINANCIAL INSTRUMENTS

As at December 31, 2013 and 2012, the Company's financial instruments consist of cash and cash equivalents, receivables (excluding HST receivable), subscription receivable, restricted cash and accounts payable and accrued liabilities. The carrying values of the Company's financial instruments approximate their fair value due to the short maturity of these instruments. The risk exposure is summarized as follows:

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The carrying amounts of the Company's financial assets represent the maximum credit risk exposure.

The Company is not exposed to any significant credit risk on its financial assets. Cash and cash equivalents have been deposited with strong or high-credit quality Canadian chartered banks.

b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's approach to managing liquidity is to periodically monitor actual and projected cash flows to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. As at December 31, 2013, the Company had cash and cash equivalents of $824,189 (December 31, 2012 - $2,587,839) to settle current liabilities of $417,498 (December 31, 2012 - $237,297) that primarily consist of accounts payable and accrued liabilities that are considered short-term and expected to be settled within 30 to 60 days. Since the Company does not generate revenue from operations, managing liquidity risk is dependent on the ability to secure additional financing.

c) Market risk

(i) Interest rate risk
The Company's exposure to the risk of changes in market interest rates relates primarily to cash which are deposits attracting a floating interest rate. Interest rate risk is managed by the selection of term deposits with interest rates that reflect management's market expectations. All other financial assets and liabilities are non-interest bearing or bear interest at fixed rates, and the Company has no debt. As a result, the Company is not subject to significant interest rate risk.

(ii) Foreign currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk with respect to monetary items not denominated in Canadian dollars. The Company transacts all of its activities in Canadian dollars at present and accordingly, is not presently exposed to any foreign currency risk. As the Company proceeds with

its bulk sample in the future, there will be some foreign exchange exposure, as the gold price is denominated in US dollars.

18. CAPITAL MANAGEMENT

The Company's objectives when managing capital are (1) to safeguard the Company's ability to continue operations in order to pursue the development of its mineral properties and provide returns for shareholders and (2) to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company includes the components of shareholders' equity, cash and cash equivalents and short-term investments, if any, in the management of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and short-term investments.

To facilitate the management of its capital requirements, the Company prepares forecasts or expenditure budgets for its activities that are used to monitor performance. Variances to plan will result in adjustments to capital deployment subject to various factors and industry conditions.

The Company is not subject to any externally imposed capital requirements limiting or restricting the use of capital. In order to maximize ongoing development efforts, the Company does not pay out dividends at this time.

The Company's investment policy is to invest its cash in highly liquid, short-term, interest-bearing investments with maturities of less than a year from the original date of acquisition, selected with regard to the expected timing of expenditures from operations.

The Company expects that additional capital will be required to begin the proposed Advanced Exploration and Bulk Sample program that is designed to test grades and recoveries before moving towards a commercial production decision, and the Company is currently evaluating funding alternatives.

19. SEGMENTED INFORMATION

The Company is engaged in the exploration and evaluation of properties for the mining of precious metals in Canada. The present focus of the Company is entirely on its Sugar Zone Property. The corporate office operates to support the field work being carried out on the Sugar Zone Property. As a result, the Company operates in one reportable operating segment.

20. COMMITMENTS

On June 28, 2010, the Company entered into the Halverson Option Agreement to acquire 3 mining claims contiguous to the Sugar Zone Property claims previously held. To earn a 100% interest in the claims, the Company must make cash payments of $225,000 over 4 years, incur work commitments of $300,000 over 5 years, and issue 200,000 common shares over 3 years. The claims interest is subject to a 3% net smelter return that can be reduced to 1.5% upon payment of $1,500,000. Additionally, if an economically viable deposit is found, the Company must make advance royalty payments of $20,000 per year over 5 years or alternatively, may make annual payments of $20,000 to extend the Option for a further 5 years and complete the purchase of the claims. As of December 31, 2013, cash payments of $70,000 remain through June 28, 2014 (2012 - $120,000) and work commitments of $150,000 remain through June 28, 2015 (2012 - $190,000). Harte Gold has already incurred sufficient exploration costs to meet its work commitments through 2015.

In connection with the Halverson Option Agreement, 100,000 common shares were issued in 2012 at a fair value of $23,000. In the absence of a reliable measurement of the claims interest, the transaction has been measured at the fair value of the shares issued.

20. COMMITMENTS cont'd

In addition to the above commitments, the Company has minimum lease payments to make for a building rental as follows:

< 1 year	$ 12,000
1 – 5 years	$ 4,000

The Company also has a commitment under a site access agreement to pay $20,000 per annum during exploration and $70,000 per annum upon commercial production, subject to a maximum of $500,000.

21. CONTINGENCY PROVISIONS

Mr. John Ternowesky, a former director of the Company, has filed a Statement of Claim in the amount of $3,000,000 against the Company in the Ontario Superior Court of Justice. The claim alleges that Mr Ternowesky had provided services as a director and consultant to the Company during the period November 1993 through June 2001. The Company has filed a Statement of Defence and Counterclaim. Management is of the position that the claim by Mr. Ternowesky is without merit as there are no corporate records of any such services or agreements. The Company's Counterclaim is in respect of Mr. Ternowesky's breach of his duties as a director in respect of flow-through share issuances (see below) and seeks damages in the amount of $750,000 relating to CRA liabilities and indemnity of $750,000 for any amounts that may be needed to be reimbursed to investors, plus a discharge of any royalties owing to Mr. Ternowesky. (Mr. Ternowesky holds a portion of the royalties on Sugar Zone Property – see note 7). Mr. Ternowesky has made an offer to settle his claim at a significantly reduced amount but the Company has rejected this. At present, the Company believes it will prevail in this matter and no liability will result. Since any such liability is remote, no provision is included.

Pursuant to a 2009 audit by the Canada Revenue Agency ("CRA") of 2003 exploration expenses, current management conducted a review of expenditures incurred and filings made in respect of flow-through share issuances during the period 2003 – 2008. This review uncovered issues related to the use of flow-through funds, timing of expenditures and other related compliance matters. The Company filed the required documents with CRA related to the issuance of flow-through common shares during this period. The December 31, 2012 balance sheet contained a provision of $427,425 comprised of both the probable obligation to reimburse investors as a result of flow-through funds not spent within prescribed time limits and an amount for the interest charges and penalties under the Part XII.6 provisions in the Income Tax Act. During the year ended December 31, 2013, the Company paid a CRA assessment notice in respect of the Part XII.6 interest and penalties and reimbursed investors for a total expenditure of $323,608. The Company estimates that the remaining provision of $105,485 is sufficient for any additional reimbursements that may be required.

In addition to the claim against Mr. Ternowesky as noted above, the Company also filed a claim against the other former directors and officers of the Company that were retained, employed or otherwise engaged by the Company during the relevant period, for damages of $750,000 relating to CRA liabilities and indemnity of $750,000 for any amounts that may need to be reimbursed to investors. A number of such directors have in turn filed a claim against Mr. Ternowesky for any such damages or indemnity liability. Any recovery by the Company is very uncertain so no amount has been included in the financial statements for any such potential recovery.

22. SUBSEQUENT EVENTS

On January 24, 2014, Harte Gold completed its final tranche of a non-brokered private placement financing of 3,600,000 units at $0.05 per unit for gross proceeds of $180,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable at $0.15 per common share for a period of 24 months from closing.

On March 18, 2014 Harte Gold and Mr. John Ternowesky signed a Mutual Limited Release agreement under which Mr. Ternowesky dropped the compensation claims and any costs related thereto as described in Note 21 above.