



**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018**

Management's Comments on Unaudited Condensed Interim Financial Statements

The accompanying unaudited condensed interim financial statements of Harte Gold Corp. (the "Company" or "Harte") for the three and nine months ended September 30, 2018 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.

November 14, 2018

"Stephen G. Roman"

Stephen G. Roman
Chairman, President and CEO

"Rein A. Lehari"

Rein A. Lehari
Chief Financial Officer

Harte Gold Corp.
(An Exploration Stage Company)
Condensed Statements of Financial Position as at
(Unaudited)

Canadian dollars	September 30, 2018	December 31, 2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,706,560	\$ 24,789,164
Receivables (note 5)	5,562,090	1,500,286
Prepays	410,054	291,880
	9,678,704	26,581,330
Long Term Assets		
Restricted Cash (note 4)	-	1,721,281
Property and Equipment (note 6)	2,602,456	2,057,321
Exploration and Evaluation Expenditures (note 7)	186,842,905	103,558,424
	\$ 199,124,065	\$ 133,918,356
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 8)	\$ 19,417,466	\$ 19,303,392
Short -term debt (note 9)	26,420,760	-
Current portion of long-term debt (note 11)	198,333	198,333
Flow-through share premium (note 12)	-	1,173,838
	46,036,559	20,675,563
Long Term Liabilities		
Long-term debt (note 11)	23,257,459	616,667
Environmental Rehabilitation Provision (note 10)	4,783,587	1,718,836
Deferred Tax Liability	3,891,851	3,891,851
	77,969,456	26,902,917
Total Liabilities	77,969,456	26,902,917
Shareholders' Equity		
Capital stock and warrants (notes 13 & 15)	134,033,564	120,006,504
Other reserves	13,559,198	8,083,435
Deficit	(26,438,153)	(21,074,500)
	121,154,609	107,015,439
	\$ 199,124,065	\$ 133,918,356

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.
 (An Exploration Stage Company)
Condensed Statements of Operations and Comprehensive Loss and Deficit
For the Three and Nine Months Ended
(unaudited)

Canadian dollars	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Revenue				
Interest Income and other income	\$ 68,121	\$ 86,806	\$ 129,560	\$ 199,548
Expenses				
Management and consulting fees (note 17)	194,000	229,000	604,547	663,500
Promotion and travel	36,385	35,399	124,041	148,742
Office and general	194,824	179,006	660,093	375,770
Interest and accretion expense (note 11)	131,926	160,855	148,126	465,168
Professional fees	23,625	13,395	77,321	150,230
Stock-based compensation (note 14)	371,637	58,216	4,836,878	425,205
Shareholders' information	53,868	111,538	283,182	282,106
Amortization	1,511	132	4,532	396
Foreign exchange (gain)/loss	169,435	-	(71,669)	-
Flow-through share premium (note 12)	-	-	(1,173,838)	(4,680,385)
	1,177,211	787,541	5,493,213	(2,169,268)
Net Income (Loss) and Comprehensive Loss	(1,109,090)	(700,735)	(5,363,653)	2,368,816
Net income per share - basic and fully diluted	\$ (0.002)	\$ (0.001)	\$ (0.009)	\$ 0.005
Weighted average number of shares outstanding				
Basic and fully diluted	580,783,308	495,304,718	574,081,018	461,631,598

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.
(An Exploration Stage Company)
Condensed Statements of Cash Flow for the Three and Nine Months Ended
(unaudited)

Canadian dollars	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Cash provided by (used in):				
Operations				
Net Income (Loss)	\$ (1,109,090)	\$ (700,734)	\$ (5,363,653)	\$ 2,368,817
Adjustments to reconcile net loss to cash flow from operating activities:				
Amortization	1,511	132	4,532	396
Stock-based compensation	371,637	58,216	4,836,878	425,205
Flow-through share premium	-	-	(1,173,838)	(4,680,385)
Accretion on loan (note 11)	-	64,605	-	172,883
	(735,942)	(577,781)	(1,696,081)	(1,713,084)
Net changes in non-cash working capital items:				
Prepays	(39,083)	(85,086)	(118,174)	(132,104)
Receivables	(2,201,687)	(1,272,354)	(4,061,804)	3,656
Accounts payable and accrued liabilities	(249,920)	(354,067)	(719,832)	(355,113)
	(3,226,632)	(2,289,288)	(6,595,891)	(2,196,645)
Financing				
Debt financing (notes 9 & 11)	656,934	625,000	52,787,751	815,000
Issuance of units	-	25,000,570	7,653,547	25,000,570
Share issuance costs	-	(1,005,176)	(120,599)	(1,005,176)
Options exercised	200,000	710,000	240,000	924,000
Warrants exercise	1,021,183	350,000	3,106,751	4,059,164
	1,878,117	25,680,394	63,667,450	29,793,558
Investing				
Additions to property and equipment (note 6)	(229,532)	(1,027,539)	(1,060,379)	(1,761,352)
Additions to exploration and evaluation expenditures	(20,424,596)	(15,008,068)	(77,093,784)	(42,891,530)
Bulk Sample cash receipts ¹	-	-	-	10,004,718
	(20,654,128)	(16,035,607)	(78,154,163)	(34,648,164)
Net increase (decrease) in cash and cash equivalents	(22,002,643)	7,355,499	(21,082,604)	(7,051,251)
Cash and cash equivalents, beginning of period	25,709,203	12,825,659	24,789,164	27,232,409
Cash and cash equivalents, end of period	\$ 3,706,560	\$ 20,181,158	\$ 3,706,560	\$ 20,181,158
Cash and cash equivalents includes the following:				
Cash	\$ 3,706,560	\$ 2,061,160	\$ 3,706,560	\$ 2,061,160
Guaranteed investment certificates		18,119,998		18,119,998
	\$ 3,706,560	\$ 20,181,158	\$ 3,706,560	\$ 20,181,158

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.
 (An Exploration Stage Company)
Condensed Statement of Changes in Shareholders' Equity
 (unaudited)

Canadian dollars	Common Shares (Note 13)		Warrants (Note 15)		Subtotal	Other Reserves	Deficit	Total Shareholders' Equity
	#	\$	#	\$				
December 31, 2016	430,763,904	65,126,537	46,256,584	2,670,930	67,797,467	7,810,536	(19,026,272)	56,581,731
Issued as a result of:								
Private placements (notes 13 and 15)	40,323,500	25,000,570			25,000,570			25,000,570
Property acquisitions	100,000	61,000			61,000			61,000
Share issuance costs		(1,005,176)			(1,005,176)			(1,005,176)
Stock options exercised	3,530,000	924,000			924,000			924,000
Warrants exercised (note 15)	23,869,570	4,651,032	(23,869,570)	(591,868)	4,059,164			4,059,164
Warrants expired (note 15)			(122,161)	(2,176)	(2,176)	2,176		-
Stock options granted (note 14)					-	836,987		836,987
Net income/(loss) for the period							2,368,816	2,368,816
September 30, 2017	498,586,974	94,757,963	22,264,853	2,076,886	96,834,849	8,649,699	(16,657,456)	88,827,092
Issued as a result of:								
Private placements (notes 13 and 15)	50,870,680	24,789,598			24,789,598			24,789,598
Flow-through premium (note 12)		(1,173,838)			(1,173,838)			(1,173,838)
Share issuance costs		(1,144,052)			(1,144,052)			(1,144,052)
Stock options exercised	200,000	649,790			649,790	(622,290)		27,500
Warrants exercised (note 15)	150,000	225,955	(150,000)	(173,456)	52,499			52,499
Warrants expired (note 15)			(50,000)	(2,342)	(2,342)	2,342		-
Stock options granted (note 14)						53,684		53,684
Net loss for the year							(4,417,044)	(4,417,044)
December 31, 2017	549,807,654	118,105,416	22,064,853	1,901,088	120,006,504	8,083,435	(21,074,500)	107,015,439
Issued as a result of:								
Private placements (notes 13 and 15)	16,284,143	7,653,547			7,653,547			7,653,547
Property acquisitions	100,000	30,000			30,000			30,000
Share issuance costs		(120,599)			(120,599)			(120,599)
Warrants issued on loan			14,000,000	3,726,200	3,726,200			3,726,200
Stock options exercised	2,400,000	361,211			361,211	(121,211)		240,000
Warrants exercised (note 15)	12,851,029	4,031,609	(12,851,029)	(924,858)	3,106,751			3,106,751
Warrants expired (note 15)			(7,059,978)	(730,051)	(730,051)	730,051		-
Stock options granted (note 14)						4,866,923		4,866,923
Net loss for the period							(5,363,653)	(5,363,653)
September 30, 2018	581,442,826	130,061,185	16,153,846	3,972,379	134,033,564	13,559,198	(26,438,153)	121,154,609

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.
(An Exploration Stage Company)
Notes to the Condensed Financial Statements
For the Nine Months Ended September 30, 2018
(unaudited)

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, development and operation of mineral resource properties with a focus on gold properties located in the Province of Ontario, Canada, and currently owns interests in two exploration projects: (i) the Sugar Zone Property, 60 km east of the Hemlo area gold mines, located on the north shore of Lake Superior and (ii) the Stoughton-Abitibi Property (formerly Stoughton-Porcupine), 110 km east of Timmins and 50 km north east of Kirkland Lake. Harte Gold completed an Advanced Exploration and Bulk Sample program on its Sugar Zone Property to determine the recoverability and economics of its resource. The Company has completed a Preliminary Economic Assessment and has obtained permits to enable commercial production. The Company is presently in the process of demonstrating technical feasibility and commercial viability through its initial production.

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 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, 2017, 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 November 14, 2018.

b) Continuation 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 accounting policies adopted are consistent with those of the Company’s financial statements for the year ended December 31, 2017.

Harte Gold Corp.
(An Exploration Stage Company)
Notes to the Condensed Financial Statements
For the Nine Months Ended September 30, 2018
(unaudited)

4. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Restricted cash of \$1,721,281 at December 31, 2017 is cash held by the Ontario Ministry of Energy, Northern Development and Mines (see Note 5).

Cash balances are held in both Canadian and United States dollars.

5. RECEIVABLES

	September 30, 2018	December 31, 2017
GST/HST receivable	\$ 3,639,076	\$ 1,308,005
Reclamation deposit receivable	1,721,281	-
Subscription receivable	-	15,120
Other	201,733	177,161
	\$ 5,562,090	\$ 1,500,286

The Company has previously deposited \$1,721,281 with the Ontario Ministry of Energy, Northern Development and Mines ("MENDM") as assurance that the Company will complete its remediation obligations for all permitted work on the Sugar Zone Property. At December 31, 2017, such amount was recorded as restricted cash on the balance sheet. The Company has replaced the cash on deposit with a closure bond and the amounts on deposit will be refunded and are carried as a receivable.

6. PROPERTY AND EQUIPMENT

	Equipment and Furniture ⁽¹⁾			Site Vehicles ⁽¹⁾			TOTAL NBV
	Cost	Amortization	NBV	Cost	Amortization	NBV	
December 31, 2016	\$ 20,389	\$ 10,781	\$ 9,608	\$ 180,823	\$ 87,491	\$ 93,332	\$ 102,940
Additions	141,418	22,620	118,798	143,370	33,005	110,365	229,163
December 31, 2017	\$ 161,807	\$ 33,401	\$ 128,406	\$ 324,193	\$ 120,496	\$ 203,697	\$ 332,103
Additions	773,244	387,897	385,348	74,331	58,640	15,691	401,039
September 30, 2018	\$ 935,051	\$ 421,298	\$ 513,754	\$ 398,524	\$ 179,136	\$ 219,388	\$ 733,142

	Land			Buildings ⁽¹⁾			TOTAL NBV
	Cost	Amortization	NBV	Cost	Amortization	NBV	
December 31, 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	902,968	-	902,968	865,526	43,276	822,250	1,725,218
December 31, 2017	\$ 902,968	\$ -	\$ 902,968	\$ 865,526	\$ 43,276	\$ 822,250	\$ 1,725,218
Additions	-	-	-	212,804	68,708	144,096	144,096
September 30, 2018	\$ 902,968	\$ -	\$ 902,968	\$ 1,078,330	\$ 111,984	\$ 966,346	\$ 1,869,314

Grand Total	Cost	Amortization	NBV
December 31, 2017	\$ 2,254,494	\$ 197,173	\$ 2,057,321
September 30, 2018	\$ 3,314,873	\$ 712,417	\$ 2,602,456

- 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.

Harte Gold Corp.
(An Exploration Stage Company)
Notes to the Condensed Financial Statements
For the Nine Months Ended September 30, 2018
(unaudited)

7. EXPLORATION AND EVALUATION EXPENDITURES cont'd

Sugar Zone Property, Hemlo Gold Area

At September 30, 2018, the Sugar Zone Property comprised approximately 81,287 hectares within the Sault Ste. Marie Mining Division located in Ontario, including 4 mining leases (1,467 hectares). The Company holds a 100% interest in all of these.

Certain of these claims and leases are subject to net smelter royalties ("NSR") of 3.5% in favour of the original vendors of the properties which can be reduced by 1.5% upon payments of \$1.5 million. Additionally, the Company entered into agreements for certain other claims in 2010, 2017 and 2018 on which royalties are payable, as described in note 18.

The Company's accounting policy is to capitalize exploration and evaluation expenditures on its balance sheet. The Sugar Zone Deposit was the principle exploration and evaluation asset of the Company at September 30, 2018. In view of the contiguous nature of the Middle Zone and the likely development of the Middle Zone in conjunction with the Sugar Zone, the Company now considers both the Sugar and Middle Zones to be part of the Sugar Zone Deposit. A Preliminary Economic Assessment Study was completed in Q2 2018 and permitting was approved in September 2018. Although no feasibility study has been completed to result in mineral reserves, the Company began production during Q4 2018. Once technical feasibility and commercial viability of extracting and processing the mineral resources has been demonstrated through production, management considers that commercial production has been achieved and the Sugar Zone Deposit will be reclassified from *Exploration and Evaluation Expenditures* to *Property Plant and Equipment*.

The commercial production phase will begin when the mine and processing facility are capable of operating in a manner intended by management. Various relevant criteria are considered to assess whether the mine and processing facility are substantially complete and ready for their intended use to support their move into the production phase. Some of the criteria considered include, but are not limited to:

- Completion of all major capital expenditures to bring the mine and processing facility into production
- Completion of operational commissioning of each major mine and processing facility component
- The passage of a reasonable period of time for testing of all major mine and processing facility components
- The ability to sustain on-going mining and processing production at a substantial percentage of permitted production
- Gold recoveries at or near expected production levels
- Production of saleable product

Commercial production will be declared on the last day of the calendar month of achievement of the above milestones. Upon achieving commercial production, costs will be transferred from assets under development into the appropriate asset classification such as inventory and mineral properties, plant and equipment.

Once in commercial production, gold sales will be recognized as revenue, and production costs as a component of cost of sales. Development costs incurred during the production phase to provide access to mineralized material in future periods, expand existing capacity, or generally provide future economic benefits will be capitalized and amortized against the future production to which they relate.

Harte Gold Corp.
 (An Exploration Stage Company)
Notes to the Condensed Financial Statements
For the Nine Months Ended September 30, 2018
 (unaudited)

7. EXPLORATION AND EVALUATION EXPENDITURES cont'd

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

	September 30, 2018	December 31, 2017
Opening Balance	\$ 103,558,424	\$ 44,170,665
Expenditures incurred during the year		
Land costs	78,200	326,405
Environmental Rehabilitation Provision (note 9)	3,064,751	348,029
Bulk Sample revenues	-	(10,004,718)
Bulk Sample costs	-	3,676,501
Phase 1 excavation costs	-	17,091,160
Exploration	11,032,723	18,790,583
Mine development	9,533,256	-
Capitalized interest	2,972,760	-
Site costs	8,184,174	7,821,278
Processing plant building, equipment & infrastructure	47,877,858	20,834,796
Stock-based compensation (note 13)	30,047	407,249
Amortization of site assets (note 6)	510,712	96,476
Total for this period	83,284,481	59,387,759
Closing Balance end of period	\$ 186,842,905	\$ 103,558,424

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 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 against the Stoughton-Abitibi Property. Minimal exploration activity has taken place since then, and any costs incurred have similarly been provided for as an additional impairment provision. In view of the current poor investment climate for mining exploration properties on which no indications of resources exist, management have concluded that it would be too speculative to estimate a recoverable amount for the Stoughton-Abitibi Property in excess of \$nil at September 30, 2018.

Harte Gold Corp.
 (An Exploration Stage Company)
Notes to the Condensed Financial Statements
For the Nine Months Ended September 30, 2018
 (unaudited)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2018	December 31, 2017
Accounts Payable	\$ 13,004,218	\$ 13,186,752
Accrued Liabilities	6,413,248	6,116,640
Total accounts payable and accrued liabilities	\$ 19,417,466	\$ 19,303,392

9. SHORT-TERM DEBT

On May 11, 2018, the Company closed on a short-term debt financing with ANR Investments B.V. ("Appian") in the amount of US \$20,000,000. Interest accrues at an annual rate of 9.5% until November 10, 2018 and at an annual rate of 11.5% until maturity on January 25, 2019. The Appian debt is secured by all the assets of the Company, but subordinate to the long-term debt financing (See Note 11).

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 10, 2023 at an exercise price of \$0.51 per common share. The Appian debt was accounted for as a compound financial instrument. An amount of \$181,861 was allocated to the warrants and the balance to the liability component. Subsequently, the liability amount, net of issuance costs, is accreted with an effective interest rate of 11.86%, so that the balance outstanding will be US \$20,000,000 plus accrued interest on maturity. Accretion results in additional non-cash interest expense recorded for the duration of the Appian debt.

Movement in the Appian debt facility is summarized as follows:

Loan drawdown	\$25,686,100
Fees, costs, warrants	-1,283,200
Recorded loan amount	24,402,900
Capitalized interest	981,475
Accretion	848,846
Exchange loss (gain)	187,539
Loan balance at September 30, 2018	<u>\$26,420,760</u>

At September 30, 2018, the amount owing under the Appian debt facility is US \$20,749,837, comprising principal and accrued interest.

10. ENVIRONMENTAL REHABILITATION PROVISION

Pursuant to the Sugar Zone Mine 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.

	September 30, 2018	December 31, 2017
Balance beginning of period	\$ 1,718,836	\$ 1,370,807
Rehabilitation liability arising during the year	3,064,751	348,029
Balance end of period	\$ 4,783,587	\$ 1,718,836

Harte Gold Corp.
(An Exploration Stage Company)
Notes to the Condensed Financial Statements
For the Nine Months Ended September 30, 2018
(unaudited)

11. LONG-TERM DEBT

a) Secured Notes

In March 2016, the Company completed a non-brokered private placement of \$2,500,000 Secured Notes (the "Notes"). The Notes bore interest at a rate of 15% per annum, payable quarterly in arrears. Principal was repayable on the second anniversary (March 31, 2018), and could be prepaid after April 1, 2017 with payment of interest in full for the particular quarter. The Notes were secured by a charge on the mining leases and unpatented mining claims of the Sugar Zone Property. In connection with the Notes, the Company issued 4 warrants per \$1.00 principal amount of the Notes (10,000,000 warrants in total). Each warrant was exercisable into one common share of the Company on payment of \$0.15 on or before the date that is twenty-four (24) months from Closing. In connection with the placement of the Notes, the Company paid finders fees of \$72,750 cash and 291,000 warrants. Each finders warrant was exercisable on or before March 22, 2018 at a price of \$0.15 per common share and all warrants were exercised.

The Notes were accounted for as a compound financial instrument. The amount allocated to the liability component (\$2,042,949) was determined by estimating the fair value of the debt assuming no equity component, and the balance was allocated to the warrants (\$384,301). Subsequently, the liability amount was accreted with an effective interest rate of 27% so that the balance outstanding would be \$2,500,000 on maturity, March 31, 2018. Accretion results in additional non-cash interest expense recorded for the duration of the Notes. The Company elected to repay the Notes in full as of December 31, 2017.

b) Mortgage Payable

On January 31, 2017, Harte Gold acquired land and buildings in White River at a cost of \$340,000 to be used as accommodation for its employees. The vendors took back a mortgage of \$190,000, repayable annually over 3 years and secured by the property. Principal and interest payments on each of February 1, 2018 through 2020. Interest accrues at a rate of 3.0% per annum. Remaining principal payments as of September 30, 2018 are as follows:

February 1, 2019	\$60,000
February 1, 2020	\$70,000

c) Mortgage Payable

On July 19, 2017, Harte Gold acquired a trailer park property in White River at a cost of \$775,000 to be used as a camp facility for employees and contractors. The vendors took back a mortgage of \$525,000, repayable annually over 5 years and secured by the property. Interest is payable semi-annually at a rate of 4.0% per annum and principal payments are due on each of July 20, 2018 through 2022. Remaining principal payments as of September 30, 2018 are as follows:

July 20, 2019	\$105,000
July 20, 2020	\$105,000
July 20, 2021	\$105,000
July 20, 2022	\$105,000

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Notes to the Condensed Financial Statements
For the Nine Months Ended September 30, 2018
 (unaudited)

11. LONG-TERM DEBT cont'd

d) Mortgage Payable

On August 9, 2017, Harte Gold acquired land and buildings in White River that were previously leased as its core shack at a cost of \$145,000. The vendors took back a mortgage of \$100,000, repayable annually over 3 years and secured by the property. Principal and interest payments on each of September 1, 2018 through 2020. Interest accrues at a rate of 3.0% per annum. Remaining principal payments as of September 30, 2018 are as follows:

September 1, 2019	\$33,333
September 1, 2020	\$33,334

e) Long-Term Sprott Debt

On June 1, 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 and the balance can be drawn down, subject to certain conditions, including receipt of permits, in amounts equal to the lesser of US \$10,000,000 and the remaining undrawn principal. Drawdowns are subject to a fee of 2.25% payable to Sprott. Interest is payable monthly at an annual rate of 7.5% plus the 3 month LIBOR rate. 50% of the monthly interest is payable in cash, with the balance accrued until June 30, 2019. Thereafter, all interest is payable monthly on a cash basis. The Sprott debt is secured by all the assets of the Company. Principal plus accrued interest is payable in 42 equal monthly installments, beginning January 31, 2020.

Sprott is also entitled to receive production payments of US \$14 per ounce gold produced by the Company for the first 300,000 ounces produced. Production payments are to be made on a monthly basis. 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.

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 \$0.49046 per common share. The Sprott debt was accounted for as a compound financial instrument. An amount of \$633,000 was allocated to the warrants and the balance to the liability component. Subsequently, the liability amount, net of fees, issuance costs and production payments, is accreted with an effective interest rate of 13.71%, so that the balance outstanding will equal the principal plus accrued interest on maturity. Accretion results in additional non-cash interest expense recorded for the duration of the Sprott debt.

Movement in the Sprott debt facility is summarized as follows:

Loan drawdown	\$25,928,000
Fees, costs, warrants	<u>-3,766,668</u>
Recorded loan amount	22,161,332
Capitalized interest	439,584
Accretion	281,802
Exchange loss (gain)	<u>-43,593</u>
Loan balance at September 30, 2018	<u>\$22,839,125</u>

At September 30, 2018, the amount owing under the Sprott debt facility is US \$20,335,259, comprising principal and accrued interest.

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11. LONG-TERM DEBT cont'd

f) Total Long-term Debt

The following summarizes the long-term debt balance at September 30, 2018.

Long-term Debt	September 30, 2018
Balance at December 31, 2017	\$ 815,000
Principal repayments	(198,333)
Current portion of long-term debt	(198,333)
Sprott loan	22,839,125
Balance at September 30, 2018	\$ 23,257,459

12. FLOW-THROUGH LIABILITIES

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, 2016	\$ 4,680,385
Settlement of liability through renouncement in Q1 2017	(4,680,385)
Liability incurred on flow-through shares issued December 31, 2017	1,173,838
Balance on December 31, 2017	\$ 1,173,838
Settlement of liability through renouncement in Q1 2018	(1,173,838)
Balance on September 30, 2018	\$ -

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. As of September 30, 2018, all such funds had been spent.

13. 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:

	September 30, 2018	December 31, 2017
Balance beginning of period	549,807,654	430,763,904
Private placement of units and shares	16,284,143	81,412,198
Private placement of flow-through units (note 12)		9,781,982
Shares for property acquisition (note 18)	100,000	100,000
Options exercised (note 14)	2,400,000	3,730,000
Warrants exercised (note 15)	12,851,029	24,019,570
Balance end of period	581,442,826	549,807,654

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On July 5, 2017, Harte Gold completed a brokered private placement financing of 40,323,500 common shares at a price of \$0.62 per share for gross proceeds of \$25,000,570 and costs of \$1,003,376 for net proceeds of \$23,997,154.

On December 29, 2017, Harte Gold completed the first closing of the common share tranche of its bought deal private placement, comprising 41,088,698 common shares at a price of \$0.47 per share for gross proceeds of \$19,311,688 and costs of \$1,144,052 for net proceeds of \$18,167,636.

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 gross proceeds of \$7,653,547.

14. 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 September 30, 2018, the Company had 10,704,283 (December 31, 2017 – 22,130,765) 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 September 30, 2018, a total of 47,440,000 (December 31, 2017, 32,850,000) options were outstanding under the stock option plan.

	September 30, 2018		December 31, 2017	
	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
Outstanding beginning of period	\$ 0.21	32,850,000	\$ 0.20	34,620,000
Transactions during the period:				
Granted	\$ 0.45	16,140,000	\$ 0.42	1,600,000
Granted	\$ 0.35	500,000	\$ 0.70	900,000
Granted	\$ 0.41	500,000	\$ 0.71	150,000
Exercised	\$ 0.10	(2,400,000)	\$ 0.10	(750,000)
Exercised			\$ 0.30	(2,630,000)
Exercised			\$ 0.35	(150,000)
Exercised			\$ 0.175	(200,000)
Cancelled			\$ 0.10	(35,000)
Cancelled			\$ 0.30	(55,000)
Cancelled			\$ 0.35	(150,000)
Cancelled			\$ 0.42	(250,000)
Expired	\$ 0.175	(150,000)	\$ 0.30	(50,000)
Expired			\$ 0.35	(150,000)
Outstanding at end of period	\$ 0.31	47,440,000	\$ 0.22	32,850,000
Exercisable at end of period	\$ 0.30	44,600,000	\$ 0.21	31,225,000

The weighted average share price on date of exercise is \$0.39.

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14. STOCK OPTION PLAN cont'd

The following table provides additional information regarding stock options outstanding at September 30, 2018.

Expiry Date	Exercise price	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
April 25, 2019	\$0.10	0.57	4,540,000	4,540,000
May 9, 2019	\$0.15	0.61	50,000	50,000
July 31, 2019	\$0.30	0.83	5,000	5,000
October 14, 2020	\$0.10	2.04	10,455,000	10,455,000
November 9, 2020	\$0.10	2.11	600,000	600,000
March 22, 2021	\$0.175	2.48	850,000	850,000
December 14, 2021	\$0.35	3.21	11,400,000	11,325,000 ⁽³⁾
February 26, 2022	\$0.42	3.41	1,350,000	1,225,000 ⁽⁴⁾
May 1, 2022	\$0.70	3.59	900,000	900,000
May 29, 2022	\$0.71	3.66	150,000	150,000
March 29, 2023	\$0.45	4.50	16,140,000	13,500,000 ⁽⁵⁾
June 21, 2023	\$0.35	4.73	500,000	500,000
July 26, 2023	\$0.41	4.82	500,000	500,000
	\$0.31	3.05	47,440,000	44,600,000

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 year ended December 31, 2017 and the nine months ended September 30, 2018:

Grant date	26-Feb-17	1-May-17	29-May-17	29-Mar-18	21-Jun-18	26-Jul-18
Number of options	1,600,000	900,000	150,000	16,140,000 ⁽⁵⁾	500,000	500,000
Share price	\$ 0.42	\$ 0.69	\$ 0.71	\$ 0.43	\$ 0.36	\$ 0.37
Exercise price	\$ 0.42	\$ 0.70	\$ 0.71	\$ 0.45	\$ 0.35	\$ 0.41
Expected life in years	5	5	5	5	5.00	4.75
Volatility ⁽¹⁾	93.05%	93.83%	93.83%	92.11%	89.81%	85.94%
Risk-free interest rate	1.33%	0.92%	0.86%	1.94%	1.97%	2.16%
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fair value per option ⁽²⁾	\$ 0.30	\$ 0.49	\$ 0.51	\$ 0.30	\$ 0.25	\$ 0.24
Fair value assigned to options	\$ 478,223	\$ 441,214	\$ 75,845	\$ 4,890,371	\$ 126,776	\$ 120,430

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 75,000 of these options vest over time based on the occurrence of certain future events.

⁴ 125,000 of these options vest over time based on the occurrence of certain future events.

⁵ 1,320,000 of these options vest on the first anniversary and 1,320,000 vest on the second anniversary.

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15. WARRANTS

As at September 30, 2018, there were 16,153,846 (December 31, 2017 – 22,064,853) warrants to purchase common shares outstanding. Warrants expire as follows:

	Warrants
Balance at December 31, 2016	46,256,584
Expired	(172,161)
Exercised	(24,019,570)
Balance at December 31, 2017	22,064,853
Issued	14,000,000
Expired	(7,059,978)
Exercised	(12,851,029)
Balance at September 30, 2018	16,153,846

The weighted average share price on the date of exercise during the 9 months 2018 was \$0.41 (year ended December 31, 2017 - \$0.55).

In connection with the Appian and Sprott debt financings, the Company issued 4,000,000 and 10,000,000 warrants respectively. The loans were accounted for as compound financial instruments as described in Notes 9 and 11, with the value attributable to the warrants allocated to contributed surplus.

The expiry dates of warrants outstanding as of September 30, 2018 are as follows:

Expiry date	Number of warrants outstanding	Exercise price	Weighted average remaining contractual life (years)
December 14, 2018	1,000,000	\$ 0.38	0.21
December 14, 2018	1,153,846	\$ 0.49	0.21
May 10, 2023	4,000,000	\$ 0.51	4.61
May 31, 2023	10,000,000	\$ 0.49	4.67
	16,153,846	\$ 0.49	4.06

16. INCOME (LOSS) PER SHARE

The calculation of the basic earnings per share for the nine months ended September 30, 2018 was based on the loss attributable to common shareholders of \$5,363,653 (income for the nine months ended September 30, 2017 - \$2,368,816) and a weighted average number of common shares outstanding of 574,081,018 (September 30, 2017 – 461,631,598).

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

Income (loss) for the nine months ended September 30, 2018 divided by weighted average number of common shares outstanding is equal to \$0.009 per share.

Numerator	\$5,363,653
Denominator	574,081,018
Loss per share	\$0.009

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17. RELATED PARTY TRANSACTIONS

Balances and transactions with related parties as at and in the nine months ended September 30, 2018 were as follows:

For period ended September 30, 2018	Amount charged	Due (to) from
Global Atomic Corporation	\$ 90,000	\$ 72,461
For period ended December 31, 2017		
Global Atomic Corporation	266,769	\$ 111,054

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.

An officer of the Company invested \$250,000 in the Secured Notes that were issued during 2016 (Note 11) and was paid an amount of \$37,500 interest during 2017. These Secured Notes were repaid prior to December 31, 2017.

For the period ended September 30, 2018, the Company paid key management personnel, including officers, directors or their related entities for consulting services and/or management services, as follows:

	September 30, 2018	December 31, 2017
Management and consulting fees	\$ 542,000	\$ 971,000
Consulting fees included in exploration and evaluation expenditures	233,950	475,700
Stock based compensation		
- expensed to the Statement of Operations and Comprehensive Loss	4,217,235	149,445
- capitalized to exploration and evaluation expenditures	-	30,312
	\$ 4,993,185	\$ 1,626,457

18. 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 3.0% 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 an additional Halverson claim. An initial payment of \$12,000 plus 100,000 common shares was made, the shares were valued at \$61,000. 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 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.

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18. COMMITMENTS cont'd

In connection with the issuance of flow-through shares and related renouncement of exploration expenditures, the Company commits to spend such funds on eligible exploration expenditures (see note 12).

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 First Nation. The IBA applies to all mines that may be developed on the 80,000 Ha Sugar Zone property and provides a 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, and stock options to purchase 500,000 common shares of the Company at a price of \$0.40 for a period of five years.

19. SUBSEQUENT EVENTS

On October 11, 2018, the Company completed the drawdown of an additional US \$15 million under the Sprott debt facility (see Note 11), bringing the total principal plus accrued interest balance to US \$35,335,259.

On October 31, 2018, the Company completed its final closing of flow-through common shares. 13,368,000 flow-through common shares were issued at a price of \$0.52 per share for gross proceeds of \$6,951,360. In connection with such flow-through share issuance, the Company paid finders’ fees of \$61,526 cash and 118,319 warrants. The warrants are exercisable at \$0.52 per warrant for a period of 18 months.

On October 31, 2018, the Company exercised its option to acquire 1.5% of the 3.5% royalty on the Sugar Zone Property.

Subsequent to September 30, 2018, the \$1,721,281 deposited with the Ontario Ministry of Energy, Northern Development and Mines as assurance that the Company would complete its remediation obligations, was received as a result of its replacement with a closure bond.