



HARTE GOLD CORP.

Financial Statements

**For the Years Ended
November 30, 2009 and 2008**



AUDITORS' REPORT

To the Shareholders of
Harte Gold Corp.

We have audited the balance sheets of **Harte Gold Corp.** as at **November 30, 2009 and 2008**, and the statements of operations and comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at **November 30, 2009 and 2008**, and the results of its operations and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

Collins Barrow Toronto LLP

Collins Barrow Toronto LLP
Licensed Public Accountants

Chartered Accountants

January 29, 2010 (except for Note 12 which is as of March 5, 2010)

Toronto, Ontario

Harte Gold Corp.
 (An Exploration Stage Company)
Balance Sheets
As at November 30,

	2009	2008
Assets		
Current Assets		
Cash and short term investments	\$ 29,166	\$ 78,449
GST recoverable	981	103,848
Other receivable	-	6,641
	30,147	188,938
Mineral properties (note 3)	2,109,768	4,430,294
	\$ 2,139,915	\$ 4,619,232
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 575,086	\$ 116,862
Future Income Tax Liability (note 7)	-	140,474
	575,086	257,336
Shareholder's Equity		
Capital stock (note 5)	10,161,956	9,667,716
Contributed surplus (note 6)	1,040,435	607,750
Deficit	(9,637,562)	(5,913,570)
	1,564,829	4,361,896
	\$ 2,139,915	\$ 4,619,232

Going Concern (note 1)

Contingencies (note 10)

Subsequent Events (note 12)

On behalf of the Board:

"Stephen G. Roman"
 Stephen G. Roman
 President, Director

"H. Douglas Scharf"
 H. Douglas Scharf
 Director

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.
(An Exploration Stage Company)
Statements of Operations and Comprehensive Loss and Deficit
For the Years Ended November 30,

	2009	2008
Revenue		
Interest Income	\$ 685	\$ 11,158
Expenses		
Management and consulting fees (note 4)	\$ 156,050	\$ 114,547
Directors fees	800	9,967
Promotion and travel	19,332	40,757
Office and general	57,724	78,069
Professional fees	75,332	73,667
Stock-based compensation (note 5)	280,525	112,840
Shareholders' information	231,860	121,390
Part XII.6 interest and penalties (note 10)	133,000	13,500
Shareholder indemnification costs (note 10)	283,300	-
Mineral property impairment (note 3)	2,756,133	-
	3,994,056	564,737
Loss and comprehensive loss before income taxes	(3,993,371)	(553,579)
Future income tax recovery (note 7)	269,379	127,918
Net Loss and Comprehensive Loss	\$ (3,723,992)	\$ (425,661)
Deficit beginning of year	(5,913,570)	(5,487,909)
Deficit end of year	\$ (9,637,562)	\$ (5,913,570)
Net loss per share - basic and fully diluted	\$ (0.073)	\$ (0.010)
Weighted average number of shares outstanding		
- Basic and fully diluted	50,819,645	44,463,984

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.
(An Exploration Stage Company)
Statements of Cash Flow
For the Years Ended November 30,

	2009	2008
Operations		
Net loss	\$ (3,723,992)	\$ (425,661)
Adjustments to reconcile net income (loss) to cash flow from operating activities:		
Mineral property impairment (note 3)	2,756,133	-
Stock-based compensation	280,525	112,840
Future income tax recovery	(269,379)	(127,918)
Other receivables	6,641	(6,641)
GST recoverable	102,867	(103,848)
Accounts payable and accrued liabilities	678,814	(14,610)
	(168,391)	(565,838)
Financing		
Bank indebtedness	-	(100,000)
Cost of share issuances	(109,785)	(96,862)
Issuance of units	664,500	876,600
	554,715	679,738
Investing		
Additions to mineral properties	(435,607)	(717,149)
	(435,607)	(717,149)
Net increase (decrease) in cash	(49,283)	(603,249)
Cash and short term investments, beginning of year	78,449	681,698
Cash and short term investments, end of year	\$ 29,166	\$ 78,449
Cash and short term investments comprised of:		
Cash	\$ 29,166	\$ 68,449
Short term investment	-	10,000
	\$ 29,166	\$ 78,449

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.
(An Exploration Stage Company)
Notes to Financial Statements
Years Ended November 30, 2009 and 2008

1. Nature of Operations and Going Concern

Harte Gold Corp. (The "Company" or "Harte") 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. The Company 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 TSX Venture Exchange under the symbol "HRT" and on the Frankfurt Stock Exchange under the symbol "H4O".

The Company 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. On the basis of information to date, it has not yet determined whether these mineral properties contain economically recoverable reserves. The amounts shown as mineral properties represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values.

Various factors including the Company's exploration results could cause significant fluctuations in the price and volume of trading in the common shares of the Company. The underlying value of the mineral properties is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest, the ability of the Company to obtain the necessary financing to complete development and the expectation of future profitable production.

As at November 30, 2009, the Company had a working capital deficiency of \$544,939 and is dependent on financing to fund programs and working capital. The Company expects to incur further losses in the development of its properties, all of which casts substantial doubt about Harte's ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern. Such adjustments could be material. Harte's ability to continue as a going concern is dependent upon its ability to fund its exploration and development programs. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future. Subsequent to the year end the Company raised gross proceeds of approximately \$701,000 (note 12).

2. Significant Accounting Policies

Basis of Presentation

The accompanying financial statements of Harte have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompany notes. Actual results could differ from those estimates. Areas requiring significant estimates by management are the valuation of stock-based compensation and share based payments, the allocation of proceeds to warrants on unit issuances and the determination of impairment provisions, if any, relating to mineral properties.

Mineral Properties

The Company considers exploration costs to have the characteristics of property, plant and equipment. As such, the Company defers all exploration costs including acquisition costs, field exploration and field supervisory costs relating to specific properties and any recoveries until those properties are brought into production. At that time, net property costs will be amortized on a unit-of-production basis based on proven and probable reserves or until the properties are abandoned, sold or considered to be impaired in value at which time an appropriate charge will be made.

The amounts shown for mineral properties do not necessarily represent present or future values. The recovery of mining interest costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and the development, future profitable production or the receipt of proceeds from the disposition of such properties.

Harte Gold Corp.
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Notes to Financial Statements
Years Ended November 30, 2009 and 2008

Impairment

Whenever events or changes in circumstances indicate that the carrying value of a mineral property may not be recoverable, management reviews the carrying values to assess whether there has been any impairment in value. In the event that management determines the carrying value of any mineral property is not recoverable and exceeds its fair value, the carrying value of the mineral property is reduced to its estimated fair value.

Ownership

Ownership in mineral properties involves certain risks and uncertainties due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the conveyancing history of mineral interests. Although the Company has made efforts to ensure that legal title to its properties is properly recorded in the name of the Company, there can be no assurance that such title will ultimately be secured. The Company has investigated the ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

Asset Retirement Obligations

At November 30, 2009, the Company has made no provision for site restoration costs or potential environmental liabilities as all properties are in the exploration stage of their development.

Income Taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset would be recovered, it provides a valuation allowance against the excess.

Flow-through Shares

Under Canadian income tax legislation, the Company is able to renounce resource expenditures related to exploration and development activities to investors by funding such expenditures with flow-through share arrangements. Under the liability method of accounting for income taxes, the future income taxes relating to the temporary difference that will arise when the qualifying expenditure is incurred is recorded at the time of filing the renunciation with the tax authorities. The recognition of this future income tax liability results in a corresponding reduction to the carrying value of the shares issued.

When flow-through expenditures are renounced, a portion of the future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, are recognized as a recovery of income taxes in the statement of operations to the extent the future tax liabilities relating to flow-through share issuances are expected to reverse in the loss carry-forward period.

Stock-based Compensation and Warrants

The Company uses the fair value method in accounting to recognize the compensation costs related to the granting of stock options. Under this method, stock-based payments are measured at the fair value of the equity instruments issued at the time of grant using the Black-Scholes option pricing model. The cost is recognized over the vesting period with the offset recorded to contributed surplus. Warrants issued are recorded at estimated fair value using the Black-Scholes option pricing model at the time of issue.

Income (Loss) per Share

Income (Loss) per share is calculated based on the weighted average number of shares issued and outstanding during the year. In the years when the Company reports a net loss, the effect of potential issuances of shares under options and warrants are anti-dilutive and, therefore, basic and diluted losses per share are the same. When fully-diluted loss per share is calculated, only those options and warrants with average exercise prices that are "in-the-money" are included.

Short-term Investments

Short-term investments are liquid investments with a maturity greater than three months but less than one year.

Harte Gold Corp.
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Notes to Financial Statements
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Financial Instruments

Financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value, except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified its cash and short term investments as held-for-trading, receivables as loans and receivables and accounts payable and accrued liabilities are classified as other liabilities, all of which are measured at amortized cost.

The Company provides disclosure that enables users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks.

The Company also discloses financial instruments and non-financial derivatives classified from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

New Accounting Policies

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, CICA issued EIC 173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 20, 2009. Application of EIC 173 had no impact on the Company's operating results or financial position.

Mining Exploration Costs

In March 2009, CICA issued EIC 174, "Mining Exploration Costs" which provides guidance on the accounting and impairment review of exploration costs. The Company immediately adopted the EIC with no impact on its operating results.

Section 3064 - Goodwill and intangible assets

Effective December 1, 2008, the Company adopted Section 3064 "Goodwill and Intangible Assets" which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Adoption of this new policy had no impact on the Company's financial statements.

Section 3862 – Financial Instruments – Disclosures

In June 2009, Section 3862 was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;
- Level 3 – Inputs that are not based in observable market data.

The Company immediately adopted this amended standard. The only financial instrument on the balance sheet measured at fair value is cash which is measured at level 1 of the fair value hierarchy.

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Future Accounting Policies

Section 1582 - Business Combinations

In October 2008, the CICA issued Handbook Section 1582, "Business Combinations", which establishes new standards for accounting for business combinations. This is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Should the Company engage in a future business combination, it would consider early adoption to coincide with the adoption of IFRS.

Section 1602 - Non-Controlling Interests

Also in October 2008, the CICA issued Handbook Section 1602, "Non-controlling Interests", to provide guidance on accounting for non-controlling interests subsequent to a business combination. This is effective for fiscal years beginning on or after January 2011.

3. Mineral Properties

The following table summarizes the Company's mineral properties expenditures:

	November 30, 2009	November 30, 2008
Mineral properties		
Balance, beginning of the period	\$ 907,702	\$ 877,702
Acquisition costs	-	30,000
Mineral property impairment	(780,000)	-
	\$ 127,702	\$ 907,702
Deferred exploration expenditures		
Balance, beginning of period	3,522,592	2,835,443
Exploration costs	435,607	687,149
Mineral property impairment	(1,976,133)	-
	1,982,066	3,522,592
Balance, end of period	\$ 2,109,768	\$ 4,430,294

Sugar Zone Property, Hemlo Gold Area

The Sugar Zone Property consists of 326 unpatented, unsurveyed, contiguous claims within the Sault Ste. Marie Mining Division located in Ontario, approximately 60 km east of the Hemlo area gold mines, 25 km north of White River off the Trans-Canada Highway (#17). The Company presently owns a 49% interest in the Property while the remaining 51% is owned by Corona Gold Corporation. The property is 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.

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 view of the difficulties in raising equity for exploration projects, the Company has concluded that it should prioritize the Sugar Zone Property and will not be funding exploration on the Stoughton-Abitibi Property in the foreseeable future. Although the Company continues to evaluate alternative strategies for the Stoughton-Abitibi Property, there is no longer sufficient certainty that capitalized exploration costs can be recovered and the Company recorded an impairment provision for the full amount of this property at November 30, 2009.

Harte Gold Corp.
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Notes to Financial Statements
Years Ended November 30, 2009 and 2008

4. Related Party Transactions

Certain corporate entities that are related to the Company as a result of having common officers and/or directors, provide consulting services to the Company. These expenditures, which have been recorded at the exchange amount, are in the normal course and relate to former and current officers and directors, are summarized as follows:

For the years ended November 30,	2009	2008
Management, consulting and legal fees	\$ 147,500	\$ 118,500
Consulting fees included in mineral properties	45,000	-
Amounts included in accounts payable owing to officers	90,000	5,000

5. Capital Stock

(a) Share Capital

The Company is authorized to issue an unlimited number of common shares without par value. Issued and outstanding common shares consist of the following:

	No. of Shares	
Balance at November 30, 2007	36,617,104	\$ 8,569,444
Issuance of common shares for cash:		
Private placement December 18, 2007	3,800,000	608,000
Private placement December 24 2007	2,975,000	595,000
Private placement January 3, 2008	790,000	158,000
Other share issuance	320,000	51,200
Issuance of common shares as commission	459,000	76,600
Future tax liability pursuant to flow through shares		(168,066)
Fair value assigned to broker warrants		(7,000)
Fair value assigned to warrants		(42,000)
Share issuance costs – cash		(96,862)
Share issuance costs – common shares		(76,600)
Balance at November 30, 2008	44,961,104	\$ 9,667,716
Issuance of common shares for cash:		
Private placement December 18, 2008	890,000	44,500
Private placement April 21, 2009	2,916,666	350,000
Private placement April 30, 2009	500,000	60,000
Private placement April 30, 2009	2,100,000	210,000
Future tax liability pursuant to flow through shares		(128,905)
Issuance of common shares as commission	74,000	3,700
Issuance of common shares for debt	2,450,998	220,590
Share issuance costs – cash		(109,785)
Share issuance costs – common shares		(3,700)
Fair value assigned to broker warrants		(28,802)
Fair value assigned to warrants		(123,358)
Balance at November 30, 2009	53,892,768	\$ 10,161,956

Harte Gold Corp.
 (An Exploration Stage Company)
Notes to Financial Statements
 Years Ended November 30, 2009 and 2008

Private Placements

Details of private placements completed during the year ended November 30, 2008.

Date of issuance	18-Dec-07	24-Dec-07	3-Jan-08
Units issued	3,800,000	2,975,000	790,000
Price of issue	\$ 0.16	\$ 0.20	\$ 0.20
Gross proceeds of issue	\$ 608,000	\$ 595,000	\$ 158,000
Common shares issued	3,800,000	2,975,000	790,000
Related warrants issued	1,900,000	1,487,500	395,000
Common shares issued as Finders Fees	380,000	-	79,000
Warrants issued as Finders Fees	190,000	-	39,500
Broker warrants issued as Finders Fees	-	297,500	-
Exercise price per purchase warrant	\$ 0.25	\$ 0.25	\$ 0.25
Exercise price per broker / finders warrant	\$ 0.25	\$ 0.20	\$ 0.25
Expiry date of warrants	18-Dec-08	31-Dec-08	31-Dec-08
Expiry date of broker / finders warrants	18-Dec-08	31-Dec-09	31-Dec-08

Details of private placements completed during the year ended November 30, 2009.

Date of issuance	18-Dec-08	21-Apr-09	30-Apr-09	30-Apr-09
Units issued	890,000	2,916,666	500,000	2,100,000
Price of issue	\$ 0.05	\$ 0.12	\$ 0.12	\$ 0.10
Gross proceeds of issue	\$ 44,500	\$ 350,000	\$ 60,000	\$ 210,000
Common shares issued	890,000	2,916,666	500,000	2,100,000
Related warrants issued	445,000	1,458,333	250,000	1,050,000
Common shares issued as Finders Fees	74,000	-	-	-
Warrants issued as Finders Fees	37,000	-	-	-
Broker warrants issued as Finders Fees	-	291,666 ⁽²⁾	40,000	154,000
Exercise price per purchase warrant	\$ 0.10	\$ 0.20 ⁽¹⁾	\$ 0.20 ⁽¹⁾	\$ 0.20 ⁽¹⁾
Exercise price per broker / finders warrant	\$ 0.10	\$ 0.12	\$ 0.12	\$ 0.10
Expiry date of warrants	31-Dec-09	30-Apr-11	30-Apr-11	30-Apr-11
Expiry date of broker / finders warrants	31-Dec-09	30-Apr-11	30-Apr-11	30-Apr-11

1) Exercise price for the first 12 months is \$0.20, the exercise price increases to \$0.24 for the second 12 months.

2) Broker warrants are exercisable into units. Each Unit consists of one common share and ½ warrant. Each full warrant is exercisable into one common share for \$0.20.

In addition to the above 2,450,998 common shares were issued at a price of \$0.09 in lieu of payment of \$220,590 for expenses incurred regarding the Special Shareholders' Meeting held January 30, 2009.

Harte Gold Corp.
 (An Exploration Stage Company)
Notes to Financial Statements
 Years Ended November 30, 2009 and 2008

(b) Stock Options

The Company has established a stock option plan to provide additional incentive to officers, directors, employees and consultants in their efforts on behalf of the Company in the conduct of its affairs. Under the terms of the plan, options vest immediately and expire on the fifth anniversary from the date of issue unless otherwise specified. As at November 30, 2009 a total of 4,700,000 options (2008 – 2,800,000) were outstanding under the stock option plan.

	November 30, 2009		November 30, 2008	
	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
Outstanding at beginning of period	\$ 0.15	2,800,000	\$ 0.25	3,000,000
Transaction during the period:				
Granted	\$ 0.15	4,500,000	\$ 0.15	2,800,000
Forfeited	\$ 0.15	(2,600,000)	\$ 0.25	(3,000,000)
Outstanding at end of period	\$ 0.15	4,700,000	\$ 0.15	2,800,000
Exercisable at end of period	\$ 0.15	4,700,000	\$ 0.15	2,800,000

The following table provides additional information regarding stock options outstanding at November 30, 2009

No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	No. of Options Currently Exercisable	Weighted Average Exercise Price – Exercisable Options
4,700,000	4.18	\$ 0.15	4,700,000	\$ 0.15

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 November 30, 2009 and November 30, 2008:

Grant date	15-May-08	20-Feb-09	26-May-09
Number of options	2,800,000	3,850,000	650,000
Exercise price	\$ 0.15	\$ 0.15	\$ 0.15
Expected life in years	5	5	5
Volatility	56.20%	95.38%	100.01%
Risk-free interest rate	3.19%	2.09%	2.28%
Dividend yield	0.00%	0.00%	0.00%
Fair value of options granted	\$ 0.04	\$ 0.07	\$ 0.04
Stock-based compensation expense	\$ 112,840	\$ 256,410	\$ 24,115

Harte Gold Corp.
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Notes to Financial Statements
Years Ended November 30, 2009 and 2008

(c) Warrants

As at November 30, 2009 there were 4,023,499 warrants to purchase common shares outstanding. Warrants expire as follows.

	Exercise Price	Number Issued	Expiry date
Balance, Beginning of period		4,309,500	
Expired	\$ 0.25	(4,012,000)	
Balance	\$ 0.20	297,500	December 31, 2009
Issued	\$ 0.10	445,000	December 31, 2009
Issued	\$ 0.10	37,000	December 31, 2009
Issued	\$ 0.12 ⁽¹⁾	291,666	April 21, 2011
Issued	\$ 0.10	154,000	April 30, 2011
Issued	\$ 0.12	40,000	April 30, 2011
Issued	\$ 0.20 ⁽²⁾	2,758,333	April 30, 2011
Balance, End of Period		4,023,499	

1) Broker warrants are exercisable into units. Each Unit consists of one common share and ½ warrant. Each full warrant is exercisable into one common share for \$0.20.

2) Exercise price for the first 12 months is \$0.20, the exercise price increases to \$0.24 for the second 12 months.

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 period ended November 30, 2008:

Issue date	18-Dec-07	24-Dec-07	24-Dec-07	3-Jan-08
Number of warrants	2,090,000	1,487,500	297,500	434,500
Exercise price	\$ 0.25	\$ 0.25	\$ 0.20	\$ 0.25
Expected life in years	0	0	0	0
Volatility	44.55%	44.55%	44.55%	45.63%
Risk-free interest rate	3.90%	3.89%	3.89%	3.65%
Dividend yield	0%	0%	0%	0%
Fair value of warrants issued	\$ 0.01	\$ 0.02	\$ 0.02	\$ 0.01
Fair value assigned to warrants	\$ 23,000	\$ 16,000	\$ 7,000	\$ 3,000

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 period ended November 30, 2009:

Issue date	31-Dec-08	31-Dec-08	21-Apr-09	21-Apr-09	30-Apr-09	30-Apr-09	30-Apr-09	30-Apr-09
Number of warrants	445,000	37,000	1,458,333	291,666	250,000	40,000	1,050,000	154,000
Exercise price	\$ 0.10	\$ 0.10	\$ 0.24	\$ 0.12	\$ 0.24	\$ 0.12	\$ 0.24	\$ 0.10
Expected life in years	1	1	2	2	2	2	2	2
Volatility	115.84%	115.84%	122.74%	122.74%	122.45%	122.45%	122.45%	122.45%
Risk-free interest rate	1.08%	1.08%	1.10%	1.10%	0.98%	0.98%	0.98%	0.98%
Dividend yield	0%	0%	0%	0%	0%	0%	0%	0%
Fair value of warrants issued	\$ 0.004	\$ 0.004	\$ 0.040	\$ 0.058	\$ 0.044	\$ 0.058	\$ 0.044	\$ 0.062
Fair value assigned to warrants	\$ 1,958	\$ 163	\$ 64,167	\$ 16,946	\$ 10,975	\$ 2,324	\$ 46,095	\$ 9,532

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Notes to Financial Statements
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6. Contributed Surplus

As at	November 30, 2009	November 30, 2008
Balance at beginning of period	607,750	445,910
Stock-based compensation expense (Note 5(b))	280,525	112,840
Fair Value assigned to warrants granted (Note 5 (c))	152,160	49,000
Balance at end of period	1,040,435	607,750

7. Future 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:

	November 30, 2009	November 30, 2008
Loss before income taxes	\$ (3,993,371)	\$ (553,579)
Combined Federal and Provincial tax rate	31.04%	33.72%
Expected recovery at statutory rates	(1,239,609)	(186,659)
Non-deductible expenses	87,080	38,048
Change in valuation allowance	892,368	(15,185)
Expired losses	51,791	15,184
Share issue costs	(28,371)	-
Change in tax rate and other	(32,638)	20,694
Future income tax recovery	\$ (269,379)	\$ (127,918)

(b) Future Tax Balances

The future income tax balances comprise the following temporary differences:

Resource properties	\$ (51,342)	\$ (892,330)
Non-capital loss carry forwards	1,016,368	800,759
Share issue costs and other	149,553	173,308
	1,114,579	81,737
Valuation allowance	(1,114,579)	(222,211)
Future tax liability	\$ -	\$ (140,474)

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(c) Tax Loss Carry-forwards

The Company has accumulated non-capital losses of \$3,980,000 which may be deducted in the calculation of taxable income in future years. The losses expire as follows:

2014	670,000
2015	341,000
2026	623,000
2027	535,000
2028	496,000
2029	1,070,000
	\$ 3,980,000

8. Management of Capital

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities and related administrative functions necessary to support organizational functioning. The Company manages its 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, subject to approval of the Board of Directors, may attempt to issue new shares, issue debt or acquire or dispose of assets. The Company manages its capital structure in a manner that provides sufficient funding for operational activities and ensures the company will be able to continue as a going concern. Funds are primarily secured through equity capital raised by way of private placements. There is no assurance that the Company will be able to continue raising equity capital in this manner.

The Company defines capital as the aggregate of its shareholders' equity which is comprised of capital stock, contributed surplus, warrants and deficit. The Company invests all capital that is surplus to its immediate operational needs in short term, liquid and highly rated financial instruments, such as cash, and short term guarantee deposits, all held with major Canadian financial institutions.

9. Financial Instruments and Risk Management

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of the Company's cash and short term investments, receivables, accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these instruments.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

A) Credit Risk

The Company is not exposed to major credit risk attributable to customers. Additionally, the Company's cash and short term investments are held with a high rated Canadian financial institution in Canada. The Company periodically assesses the quality of its investments with this bank and is satisfied with the credit rating of the bank and the investment grade of its short term deposits certificates.

B) Market Risk

Interest Rate Risk

There is no debt, interest bearing or otherwise currently outstanding. The Company may invest cash surplus to its operational needs in investment-grade short term deposits certificates issued by the bank where it keeps its Canadian Bank accounts.

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Foreign Currency Risk

As the Company's exploration and evaluation activities are denominated in Canadian dollars and the Company's funds are kept in Canadian dollars with a major Canadian financial Institution, the Company has no current foreign exchange risk.

Business Risk

The Company's current or future operations, including development activities, are subject to environmental regulations which may make operations not economically viable or prohibit them altogether. The success of the operations and activities of Harte is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgment, as well as the expertise and competence of the outside contractors, experts and other advisors. Harte does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect Harte's operations and financial performance.

Commodity Price Risk

The price of the common shares in the capital the Company, its financial results, and exploration and development activities are exposed to commodity price risk due to changes in the price of gold or other metals it may discover. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the actions of central banks, financial institutions, expectations of inflation or deflation, currency exchange rate fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from the mining and sale of gold or interests related thereto. The effect of these factors on the price of gold, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at November 30, 2009, the Company had current assets of \$30,147 and current liabilities of \$575,086. All of the Company's financial liabilities and assets have contractual maturities of less than 90 days and are subject to normal trade terms. As described in Note 4, working capital includes \$90,000 accrued fees payable to officers, which are not immediately due. Subsequent to year end, the Company completed a private placement that was in part used to fund the working capital deficiency (see Note 12).

10. Contingencies

Further to the Meeting of Shareholders held January 30, 2009 pursuant to which the former Board of Directors was replaced and a new management team appointed, the Company initiated an internal audit to follow up on preliminary forensic audit work undertaken in 2008 in connection with historical cash disbursements and property acquisitions.

Subsequent to the Meeting, two former officers and directors of the Company filed claims against the Company in the aggregate amount of \$610,000 relating to services allegedly provided but unpaid. Management is of the position that the claims are without merit and has advised the claimants accordingly. Management intends to defend its position vigorously should the need arise. No amounts have been accrued in these financial statements for these claims because settlement amounts, if any, are not determinable.

In conjunction with the above and pursuant to an audit by the Canada Revenue Agency ("CRA") of 2003 exploration expenses, current Management also 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 that will require the Company to file and/or re-file certain documents with CRA related to the issuance of flow-through common shares during the review period.

The Company estimates it may incur interest charges and penalties associated with the foregoing and may incur other costs. These financial statements contain a provision of \$146,500 to reflect the interest charges and penalties that are likely under the Part XII.6 provisions in the Income Tax Act. In addition, the Company may be obligated to reimburse investors for an estimated amount of \$283,300, which has been accrued, in tax liabilities and interest due to CRA re-

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assessments which re-assessments are a result of flow through funds not spent within prescribed time limits. The Company is approaching CRA with a proposal to minimize payments associated with the above.

The Company has determined that it will file a claim in an amount equal to or greater than penalties, interest and any re-assessment amounts levied by CRA, against the Directors and Officers (the "former management group") retained, employed or otherwise engaged by the Company during the relevant period.

11. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

12. Subsequent Events

The Company completed a private placement under which it raised gross proceeds of \$701,334. The Company issued 5,000,000 common shares at a price of \$0.05 each and 6,447,624 flow-through common shares at a price of \$0.07 each under closings December 23, 2009 and January 18, 2010. In connection with the private placements the Company paid Finder's Fees of \$12,980 cash and issued 94,405 compensation warrants. Each compensation warrant entitles the holder to acquire a common share of the Company at \$0.10 per common share until June 22nd (84,405) and July 19, 2011 (10,000).

On March 5, 2010, the Company entered into a Letter Agreement with Corona Gold Corporation ("Corona") for an option to acquire Corona's 51% interest in the Sugar Zone Property providing for:

- 1) An initial payment of \$10,000 and the issuance of that number of common shares equal to 9.9% of the issued and outstanding common shares of Harte as at the date of the Letter Agreement and after giving effect to the issuance of such shares.
- 2) A \$2 million cash payment on the execution of a Comprehensive Agreement, which is to be completed no more than ninety (90) days from the date of the Letter Agreement, together with the issuance of such additional number of common shares as will result in Corona holding 9.9% of the issued and outstanding common shares of Harte as at the date of the Comprehensive Agreement and after giving effect to the issuance of such shares.
- 3) A \$90,000 cash payment on or before each sixth month anniversary of the Comprehensive Agreement until payments total \$2,500,000 on or before the second anniversary of the Comprehensive Agreement or \$3,000,000 on or before the third anniversary of the Comprehensive Agreement.