HARTE GOLD CORP

Financial Statements

For the 13 Months Ended December 31, 2010
and
the 12 Months Ended November 30, 2009

Collins Barrow
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AUDITORS' REPORT

To the Shareholders of
Harte Gold Corp.

We have audited the accompanying financial statements of Harte Gold Corp**.,** which comprise the balance sheets as at **December 31, 2010** and **November 30, 2009** and the statements of operations and comprehensive loss and deficit and cash flows for the respective 13 month period and year 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 Canadian generally accepted accounting principles, 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, 2010 and November 30, 2009, and its financial performance and its cash flows for the respective 13 month period and year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Toronto LLP

Collins Barrow Toronto LLP
Licensed Public Accountants

March 30, 2011
Toronto, Ontario

Harte Gold Corp.
(An Exploration Stage Company)

Responsibility for Financial Statements

The accompanying financial statements of Harte Gold Corp. ("Harte" or the "Company") have been prepared by and are the responsibility of management. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect management's best estimates and judgments based on information currently available.

The Board of Directors carries out its responsibility for the financial statements principally through its Audit Committee. This committee met with management to review the Company's reported financial performance and to discuss audit and financial reporting matters. The financial statements were reviewed by the Audit Committee and approved by the Board of Directors.

"Stephen G. Roman"

Stephen G. Roman
Chairman, President & CEO

"Rein A. Lehari"

Rein A. Lehari
Chief Financial Officer

March 30, 2011

Harte Gold Corp.
(An Exploration Stage Company)
Balance Sheets as at

As at		**December 31, 2010**		November 30, 2009
Assets				
Current Assets				
Cash	**$**	**4,108,856**	$	29,166
Receivables		**243,932**		981
Subscription receivable		**304,500**		-
Prepaids		**6,323**		-
		4,663,611		30,147
Mineral properties (note 4)		**8,183,187**		2,109,768
Property and Equipment (note 3)		**83,140**		-
	$	**12,929,938**	$	2,139,915
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**1,181,837**	$	575,086
		1,181,837		575,086
Shareholder's Equity				
Capital stock (note 6)		**20,125,666**		10,161,956
Contributed surplus (note 7)		**3,038,662**		1,040,435
Deficit		**(11,416,227)**		(9,637,562)
		11,748,101		1,564,829
	$	**12,929,938**	$	2,139,915

Commitment (note 11)

Contingencies (note 12)

On behalf of the Board:

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

"Bernard Kraft"
Bernard Kraft
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 13 Months Ended December 31, 2010 and the 12 Months Ended November 30, 2009

		2010		2009
Revenue				
Interest Income	$	389	$	685
Expenses				
Management and consulting fees (note 5)	$	237,500	$	156,050
Directors fees		-		800
Promotion and travel		8,512		19,332
Office and general		98,808		57,724
Professional fees		59,648		75,332
Stock-based compensation (note 6 and 7)		1,305,715		280,525
Shareholders' information		181,503		231,860
Amortization		202		-
Part XII.6 interest and penalties (note 12)		-		133,000
Shareholder indemnification costs (note 12)		-		283,300
Mineral property impairment (note 4)		-		2,756,133
		1,891,888		3,994,056
Loss and comprehensive loss before income taxes		(1,891,499)		(3,993,371)
Future income tax recovery (note 8)		112,834		269,379
Net Loss and Comprehensive Loss	$	(1,778,665)	$	(3,723,992)
Deficit beginning of period		(9,637,562)		(5,913,570)
Deficit end of period	$	(11,416,227)	$	(9,637,562)
Net loss per share - basic and fully diluted	$	(0.018)	$	(0.073)
Weighted average number of shares outstanding				
- Basic		100,913,414		50,819,645

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.

(An Exploration Stage Company)

Statements of Cash Flow

For the 13 Months Ended December 31, 2010 and the 12 Months Ended November 30, 2009

	2010	2009
Operations		
Net loss	$ (1,778,665)	$ (3,723,992)
Adjustments to reconcile net income (loss) to cash flow from operating activities:		
Mineral property impairment (note 4)	-	2,756,133
Amortization	202	-
Stock-based compensation	1,305,715	280,525
Future income tax recovery	(112,834)	(269,379)
	(585,582)	(956,713)
Net changes in non-cash working capital items:		
Prepaids	(6,323)	-
Subscription receivables	(304,500)	6,641
Receivables	(242,951)	102,867
Accounts payable and accrued liabilities	606,751	678,814
	(532,605)	(168,391)
Financing		
Cost of share issuances	(308,889)	(109,785)
Issuance of units	8,447,784	664,500
Exercise of options	315,000	-
Exercise of warrants	954,998	-
	9,408,893	554,715
Investing		
Capital assets	(89,438)	-
Additions to mineral properties	(4,707,160)	(435,607)
	(4,796,598)	(435,607)
Net increase (decrease) in cash	4,079,690	(49,283)
Cash, beginning of period	29,166	78,449
Cash, end of period	$ 4,108,856	$ 29,166

The accompanying notes are an integral part of these financial statements

1. *Nature of Operations*

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. 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

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").

Change of Year End
The Company has changed its year end from November 30th to December 31st. Accordingly, the balance sheet at December 31, 2010 is shown with a comparative balance sheet at November 30, 2009 and the statements of operations and comprehensive loss and deficit and the statements of cash flow show a 13 month period ended December 31, 2010 compared to a 12 month period ended November 30, 2009.

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 accompanying 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 equity 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.

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 December 31, 2010 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.

Property and Equipment
Equipment is recorded at cost. Amortization is calculated using the declining balance method as follows:

Vehicles	20%
Office equipment	30%

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 as held-for-trading, receivables and subscription receivable as loans and receivables and accounts payable and accrued liabilities are classified as other liabilities.

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.

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.

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.

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. *Property and Equipment*

	Cost	Accumulated Amortization	NBV 31-Dec-10
Office equipment	$ 2,102	$ 202	$ 1,900
Vehicles	87,336	6,096	81,240
	$ 89,438	$ 6,298	$ 83,140

During the 13 month period, $6,096 (November 30, 2009 - Nil) of the $6,298 (November 30, 2009 – Nil) amortization against property and equipment was capitalized to mineral properties.

4. *Mineral Properties*

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

		December 31, 2010		November 30, 2009
Mineral properties				
Balance, beginning of the period	**$**	**129,895**	$	907,702
Acquisition costs		**3,591,122**		2,193
Mineral property impairment		**-**		(780,000)
	$	**3,721,017**	$	129,895
Deferred exploration expenditures				
Balance, beginning of period		**1,979,873**		3,522,592
Exploration costs		**2,482,297**		433,414
Mineral property impairment		**-**		(1,976,133)
		4,462,170		1,979,873
Balance, end of period	**$**	**8,183,187**	$	2,109,768

Sugar Zone Property, Hemlo Gold Area

The Sugar Zone Property consists of 412 (2009-326) 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 326 of the claims (51% of these are owned by Corona Gold Corporation) subject to an option in favour of Harte to acquire the balance (see Notes 6 and 11). 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.

The Company also holds another option on 3 claims that are subject to a 3% NSR that can be reduced to 1.5% upon payment of $1.5 million (see also Notes 6 and 11).

In the fourth quarter 2010, the Company also staked an additional 83 adjacent claims, bringing the total claims to 412.

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 has not funded any exploration expenses on the Stoughton-Abitibi Property since then. Accordingly, the Company recognized an impairment provision for the full amount recorded on its balance sheet for the Stoughton-Abitibi Property at November 30, 2009.

5. *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 of operations and relate to former and current officers and directors, are summarized as follows:

For the periods ended	**December 31, 2010**	November 30, 2009
Management, consulting and legal fees	**$ 227,500**	$ 147,500
Consulting fees included in mineral properties	**77,500**	45,000
Amounts included in accounts payable owing to officers	**-**	90,000

6. *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, 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**

	No. of Shares	
Balance at November 30, 2009	**53,892,768**	**$ 10,161,956**
Adjustment to opening balance	(103)	-
Issuance of common shares for cash:		
Private placement December 23, 2009	4,000,000	200,000
Private placement December 23, 2009 - FT	6,447,624	451,334
Private placement January 18, 2010	1,000,000	50,000
Private placement May 26, 2010	38,797,000	3,879,700
Private placement June 10, 2010	3,945,000	394,500
Private placement June 10, 2010 - FT	8,000,000	1,000,000
Private placement December 22, 2010 - FT	2,245,333	1,684,000
Private placement December 30, 2010 - FT	1,051,000	788,250
Issuance of common shares to Corona (note 11)	11,511,638	1,352,913
Issuance of common shares to Halverson (note 11)	50,000	7,250
Exercise of warrants	6,706,055	954,998
Fair value of warrants exercised		378,180
Exercise of options	2,100,000	315,000
Fair value of options exercised		119,082
Future tax liability pursuant to flow through shares		(112,834)
Share issuance costs – cash		(308,889)
Fair value assigned to share purchase warrants		(991,776)
Fair value assigned to Finders warrants		(197,998)
Balance at December 31, 2010	**139,746,315**	**$ 20,125,666**

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/shares 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 (2)	154,000 (3)
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 at $0.12 per unit. Each Unit consists of one common share and ½ warrant. Each full warrant is exercisable into one common share for $0.20 for the first 12 months and $0.24 for the next 12 months.

3) Broker warrants are exercisable into units at $0.10 per unit. Each Unit consists of one common share and ½ warrant. Each full warrant is exercisable into one common share for $0.20 for the first 12 months and $0.24 for the next 12 months.

In addition to the above, 2,450,998 common shares were issued during fiscal 2009 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.

Details of private placements completed during the 13 months ended December 31, 2010.

Date of issuance		23-Dec-09		23-Dec-09		18-Jan-10
Units/shares issued		4,000,000		6,447,624		1,000,000
Price of issue	$	0.05	$	0.07	$	0.05
Gross proceeds of issue	$	200,000	$	451,334	$	50,000
Common shares issued		4,000,000		6,447,624		1,000,000
Warrants issued as Finders Fees		50,000		34,405		10,000
Exercise price per Finders warrant	$	0.10	$	0.10	$	0.10
Expiry date of Finders warrants		22-Jun-11		22-Jun-11		19-Jul-11

Date of issuance		26-May-10		10-Jun-10		10-Jun-10
Units/shares issued		38,797,000		3,945,000		8,000,000
Price of issue	$	0.10	$	0.10	$	0.125
Gross proceeds of issue	$	3,879,700	$	394,500	$	1,000,000
Common shares issued		38,797,000		3,945,000		8,000,000
Related warrants issued		19,398,500		1,972,500		-
Warrants issued as Finders Fees		1,709,336		250,264		124,800
Exercise price per purchase warrant	$	0.15	$	0.15	$	0.15
Exercise price per Finders warrant	$	0.10	$	0.10	$	0.125
Expiry date of Finders warrants		25-Nov-11		9-Dec-11		9-Dec-11

Date of issuance		23-Dec-10		30-Dec-10
Units/shares issued		2,245,333		1,051,000
Price of issue	$	0.75	$	0.75
Gross proceeds of issue	$	1,684,000	$	788,250
Common shares issued		2,245,333		1,051,000
Warrants issued as Finders Fees		8,900		31,020
Exercise price per Finders warrant	$	0.75	$	0.75
Expiry date of Finders warrants		30-Dec-11		30-Dec-11

In December 2009 and January 2010, the Company completed private placements under which it raised gross proceeds of $701,334. The Company issued 4,000,000 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 respectively. In connection with the private placements the Company paid finder's Fees of $12,980 cash and issued 94,405 finder's warrants. Each finder's warrant entitles the holder to acquire a common share of the Company at $0.10 per common share until June 23, 2011 and July 19, 2011 for the 84,405 and 10,000 finder's warrants respectively.

On May 26, 2010, the Company raised gross proceeds of $3,879,700 and issued 38,797,000 units pursuant to the initial closing of a non-brokered private placement. Units were priced at $0.10 each and consist of one common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.15 at any time up to until November 25, 2011. The Company paid a cash finder's fee in the amount of $172,136 and issued 1,709,336 finder's warrants in respect of certain of the orders. The finder's warrants are exercisable at $0.10 per common share at any time up to November 25, 2011.

On June 10, 2010, the Company completed the second closing of the non-brokered private placement, for gross proceeds of $394,500. Units were priced at $0.10 each and consist of one common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.15 at any time up to until December 9, 2011. The Company paid a cash finder's fee in the amount of $25,160 and issued 250,264 finder's warrants in respect of certain of the orders. The finder's warrants are exercisable at $0.10 per common share at any time up to December 9, 2011.

On June 10, 2010, the Company also closed on a non-brokered private placement of 8,000,000 flow-through common shares at a price of $0.125 per share for gross proceeds of $1,000,000. The Company paid a cash finder's fee of $15,600 plus 124,800 finder's warrants in respect of certain of the orders. The finder's warrants are exercisable at $0.125 per common share at any time up to December 9, 2011.

On May 28, 2010, the Company finalized an agreement with Corona Gold Corporation ("Corona") for an option (the "Corona Option") to acquire Corona's 51% interest in the Sugar Zone Property (see also Note 11), providing for various cash payments and the issuance of that number of common shares to result in Corona holding 9.9% of the issued and outstanding common shares of Harte as of that date. As a result, the Company issued 11,511,638 shares to Corona.

On June 28, 2010, the Company entered into an option agreement (the "Halverson Option") to acquire 3 mining claims contiguous to the existing Sugar Zone claims, referred to as the "Halverson Claims" (se also Note 11). As part of this transaction, the Company committed to issue 200,000 shares to the vendors, 50,000 immediately and 50,000 on each of the next three anniversary dates.

On December 23, 2010, the Company closed a non-brokered private placement of 2,245,333 flow-through common shares at a price of $0.75 per share for gross proceeds of $1,684,000. The Company paid a cash finder's fee of $12,856 and issued 8,900 finder's warrants in respect of certain of the orders. The finder's warrants are exercisable at $0.75 per common share at any time up to December 30, 2011.

On December 30, 2010, the Company closed a non-brokered private placement of 1,051,000 flow-through common shares at a price of $0.75 per share for gross proceeds of $788,250. The Company paid a cash finder's fee of $29,446 and issued 31,020 finder's warrants in respect of certain of the orders. The finder's warrants are exercisable at $0.75 per common share at any time up to December 30, 2011.

(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 December 31, 2010 a total of 12,150,000 options (4,700,000 at November 30, 2009) were outstanding under the stock option plan.

	31-Dec-10			30-Nov-09		
	Weighted Average Exercise Price		**Number of Options**	Weighted Average Exercise Price		Number of Options
Outstanding beginning of period	**$**	**0.15**	**4,700,000**	$	0.15	2,800,000
Transactions during the period:						
Granted	**$**	**0.15**	**7,950,000**	$	0.15	4,500,000
Granted	**$**	**0.20**	**800,000**			-
Granted	**$**	**0.45**	**500,000**			-
Granted	**$**	**0.70**	**500,000**			-
Exercised	**$**	**0.15**	**(2,100,000)**			-
Forfeited	**$**	**0.15**	**(200,000)**	$	0.15	(2,600,000)
Outstanding at end of period	**$**	**0.19**	**12,150,000**	$	0.15	4,700,000
Exercisable at end of period	**$**	**0.19**	**12,150,000**	$	0.15	4,700,000

The following table provides additional information regarding stock options outstanding at December 31, 2010.

Expiry Date	Exercise price	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
January 26, 2012	$0.15	4.48	150,000	150,000
February 17, 2014	$0.15	3.40	2,050,000	3,050,000
May 25, 2014	$0.15	4.48	250,000	250,000
June 22, 2015	$0.15	4.48	5,200,000	6,900,000
July 26, 2015	$0.20	4.48	1,850,000	800,000
September 27, 2015	$0.45	4.74	500,000	500,000
November 9, 2015	$0.70	4.86	500,000	500,000
	$0.19	**4.11**	**10,500,000**	**12,150,000**

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 periods ended December 31, 2010 and November 30, 2009:

Grant date	**20-Feb-09**	**26-May-09**	**25-Jan-10**	**24-Jun-10**
Number of options	3,850,000	650,000	150,000	7,800,000
Exercise price	$ 0.15	$ 0.15	$ 0.15	$ 0.15
Expected life in years	5	5	2	5
Volatility	95.38%	100.01%	135.69%	108.64%
Risk-free interest rate	2.09%	2.28%	1.22%	2.20%
Dividend yield	0.00%	0.00%	0.00%	0.00%
Fair value of options granted	$ 0.070	$ 0.040	$ 0.052	$ 0.092
Stock-based compensation expense	$ 256,410	$ 24,115	$ 7,785	$ 713,700

Grant date	**27-Jul-10**	**28-Sep-10**	**10-Nov-10**
Number of options	800,000	500,000	500,000
Exercise price	$ 0.20	$ 0.45	$ 0.70
Expected life in years	5	5	5
Volatility	110.18%	112.27%	112.85%
Risk-free interest rate	2.29%	1.79%	2.24%
Dividend yield	0.00%	0.00%	0.00%
Fair value of options granted	$ 0.159	$ 0.360	$ 0.554
Stock-based compensation expense	$ 127,280	$ 179,950	$ 277,000

(c) Warrants

As at December 31, 2010 there were 20,370,076 warrants to purchase common shares outstanding. Warrants expire as follows:

		Exercise Price	Number Issued	Expiry date
Balance at November 30, 2008			**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	291,666	April 21, 2011
Issued	$	0.10	154,000	April 30, 2011
Issued	$	0.12	40,000	April 30, 2011
Issued	$	0.20	2,758,333	April 30, 2011
Balance at November 30, 2009			**4,023,499**	
Expired			(779,500)	
Issued for finder's fee	$	0.10	84,405	June 22, 2011
Issued for finder's fee	$	0.10	10,000	July 19, 2011
Balance at February 28, 2010			3,338,404	
Exercised	$	0.12	(145,833)	
Exercised	$	0.10	(84,405)	
Issued for finder's fee	$	0.10	1,709,336	November 25, 2011
Issued	$	0.15	19,398,500	November 25, 2011
Balance at May 31, 2010	.		24,216,002	
Exercised	$	0.12	(185,600)	
Exercised	$	0.10	(155,447)	
Exercised	$	0.125	(76,800)	
Exercised	$	0.24	(250,000)	
Issued for finder's fee	$	0.10	250,264	December 9, 2011
Issued for finder's fee	$	0.125	124,800	December 9, 2011
Issued for broker warrants exercised	$	0.24	242,407	April 30, 2011
Issued	$	0.15	1,972,500	December 9, 2011
Balance at August 31, 2010	.		26,138,126	
Exercised	$	0.10	(1,747,380)	
Exercised	$	0.125	(33,600)	
Exercised	$	0.15	(3,597,500)	
Exercised	$	0.24	(260,000)	
Exercised	$	0.24	(169,490)	
Issued for finder's fee	$	0.75	39,920	December 30, 2011
Balance at December 31, 2010			**20,370,076**	

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 periods ended December 31, 2010 and November 30, 2009:

Issue date	23-Dec-09	18-Jan-10	26-May-10	26-May-10
Number of warrants	84,405	10,000	19,398,500	1,709,336 [1]
Exercise price	$ 0.10	$ 0.10	$ 0.15	$ 0.10
Expected life in years	1.5	1.5	1.5	1.5
Volatility	146.76%	147.31%	145.89%	145.89%
Risk-free interest rate	1.37%	1.20%	1.44%	1.44%
Dividend yield	0%	0%	0%	0%
Fair value of warrants issued	$ 0.025	$ 0.055	0.047	0.088
Fair value assigned to warrants	$ 2,118	$ 554	$ 902,362	$ 151,105

Issue date	10-Jun-10	10-Jun-10	10-Jun-10	23-Dec-10	30-Dec-10
Number of warrants	1,972,500	250,264 [1]	124,800 [1]	8,900	31,020
Exercise price	$ 0.15	$ 0.10	$ 0.125	$ 0.75	$ 0.75
Expected life in years	1.5	1.5	1.5	1.0	1.0
Volatility	140.54%	140.54%	140.54%	116.56%	116.56%
Risk-free interest rate	1.45%	1.45%	1.45%	1.68%	1.68%
Dividend yield	0%	0%	0%	0%	0%
Fair value of warrants issued	$ 0.045	0.087	0.081	0.312	0.312
Fair value assigned to warrants	$ 89,414	$ 21,673	$ 10,096	$ 2,776	$ 9,675

Issue date	31-Dec-08	31-Dec-08	21-Apr-09	21-Apr-09
Number of warrants	445,000	37,000 [1]	1,458,333	291,666
Exercise price	$ 0.10	$ 0.10	$ 0.24	$ 0.12
Expected life in years	1	1	2	2
Volatility	115.84%	115.84%	122.74%	122.74%
Risk-free interest rate	1.08%	1.08%	1.10%	1.10%
Dividend yield	0%	0%	0%	0%
Fair value of warrants issued	$ 0.004	$ 0.004	$ 0.040	$ 0.058
Fair value assigned to warrants	$ 1,958	$ 163	$ 64,167	$ 16,946

Issue date	30-Apr-09	30-Apr-09	30-Apr-09	30-Apr-09
Number of warrants	250,000	40,000 [1]	1,050,000	154,000 [1]
Exercise price	$ 0.24	$ 0.12	$ 0.24	$ 0.10
Expected life in years	2	2	2	2
Volatility	122.45%	122.45%	122.45%	122.45%
Risk-free interest rate	0.98%	0.98%	0.98%	0.98%
Dividend yield	0%	0%	0%	0%
Fair value of warrants issued	$ 0.044	$ 0.058	$ 0.044	$ 0.062
Fair value assigned to warrants	$ 10,975	$ 2,324	$ 46,095	$ 9,532

[1] Finder's warrants

The expiry dates of warrants outstanding as of December 31, 2010 are as follows:

Expiry date	Number of warrants outstanding	Exercise price	
April 21, 2011	1,531,250	$0.24	
April 30, 2011	790,000	$0.24	
April 30, 2011	233	$0.12	1
April 30, 2011	622	$0.10	1
November 25, 2011	16,673,500	$0.15	
November 25, 2011	138,736	$0.10	
December 9, 2011	995,000	$0.15	
December 9, 2011	186,884	$0.10	
December 9, 2011	13,931	$0.13	
December 22, 2011	8,900	$0.75	
December 30, 2011	31,020	$0.75	
	20,370,076	**$0.16**	

1) Broker warrants exercisable into units at $0.12 or $0.10 per unit. Each unit consists of one common share and ½ common share warrant. Each full common share warrant is exercisable into one common share for $0.24 until April 30, 2011.

7. Contributed Surplus

As at	**31-Dec-10**	**30-Nov-09**
Balance beginning of period	1,040,435	607,750
Stock-based compensation expense (Note 6 (b))	1,305,715	280,525
Fair value assigned to options exercised (Note 6 (b))	(119,082)	-
Fair value assigned to warrants issued (Note 6 (c))	1,189,774	-
Fair value assigned to warrants exercised (Note 6 (c))	(378,180)	152,160
Balance end of period	3,038,662	1,040,435

8. *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:

	December 31, 2010	November 30, 2009
Loss before income taxes	**$ (1,891,499)**	$ (3,993,371)
Combined Federal and Provincial tax rate	**29.15%**	31.04%
Expected recovery at statutory rates	**(551,372)**	(1,239,609)
Non-deductible expenses	**380,616**	87,080
Change in valuation allowance	**5,721**	892,368
Expired losses	**61,226**	51,791
Share issue costs	**(126,722)**	(28,371)
Change in tax rate and other	**117,697**	(32,638)
Future income tax recovery	**$ (112,834)**	$ (269,379)

(b) Future Tax Balances

The future income tax balances comprise the following temporary differences:

	December 31,2010	November 30, 2009
Resource properties	**$ (165,699)**	$ (51,342)
Non-capital loss carry forwards	**1,143,628**	1,016,368
Share issue costs and other	**142,371**	149,553
	1,120,300	1,114,579
Valuation allowance	**(1,120,300)**	(1,114,579)
Future tax liability	**$ -**	$ -

(c) Tax Loss Carry-forwards

The Company has accumulated non-capital losses of 4,575,000 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
2030	840,000
	$ 4,575,000

9. *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 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, all held with major Canadian financial institutions.

10. *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, receivables, subscription receivable, 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 is 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.

B) Market Risk

<u>Interest Rate Risk</u>
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.

<u>Foreign Currency Risk</u>
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.

<u>Business Risk</u>
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. At December 31, 2010, the Company had current assets of $4,663,611 and current liabilities of $1,181,837. All of the Company's financial liabilities and assets have contractual maturities of less than 90 days and are subject to normal trade terms.

11. Commitments

On May 28, 2010, the Company finalized the Corona Option (note 4), entitling the Company to acquire Corona's 51% interest in the Sugar Zone joint venture on completion of certain conditions, including:

1) An initial payment of $10,000 made on March 5, 2010.

2) 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 Corona Option and after giving effect to the issuance of such shares. Accordingly, the Company issued a total of 11,511,638 common shares to Corona under this condition.

3) A $2 million cash payment on the execution of the Option Agreement.

4) A $90,000 cash payment on or before each sixth month anniversary of the Option Agreement until a final option payment of $2,500,000 is made on or before the second anniversary or a final option payment of $3,000,000 is made on or before the third anniversary.

Effective March 10, 2010 the Company became the Operator of the joint venture for as long as the Corona Option is in good standing.

On June 28, 2010, the Company entered into an Option Agreement to acquire 3 mining claims contiguous to the 326 claims previously held. To earn a 100% interest in the claims, the Company must make cash payments of $225,000 and incur work commitments of $300,000 plus 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.

In addition to the above commitments, the Company has minimum lease payments to make for site access and a building rental over the next 5 years as follows:

2011	$	42,000
2012	$	29,500
2013	$	12,000
2014	$	12,000
2015	$	4,000

12. 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, Robert Isles and John Ternowesky, issued letters to the Company claiming an aggregate amount of $610,000 relating to services allegedly provided but unpaid. Since then, John Ternowesky has also forwarded a Statement of Claim to the Company at a higher amount of $3,000,000. The Company has been advised that the alleged claim of the Robert Isles has expired since no steps were taken to enforce such alleged claim within the requisite timeframe. Management is of the position that the remaining claim is without merit and has advised the claimant accordingly. Management intends to defend its position vigorously should the need arise, including counter-claiming amounts against this individual. 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 (2009 - $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 (2009 – $283,300), which has been accrued, in tax liabilities and interest due to CRA re-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.