



## **HARTE GOLD CORP.**

### **ANNUAL INFORMATION FORM**

FOR THE FINANCIAL YEAR (13 Months)  
ENDED DECEMBER 31, 2010

**APRIL 29, 2011**

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## **INTRODUCTORY NOTE**

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Annual Information Form contains “forward-looking information” which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company, its subsidiaries and its projects, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled “General Development of the Business”, “Narrative Description of the Business” and “Risk Factors” in this Annual Information Form. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this Annual Information Form and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

## **ITEM 1: CORPORATE STRUCTURE**

Harte Gold Corp. (the “Company” or “Harte”) was incorporated under the *Business Corporations Act* (Ontario) in Ontario, on January 22, 1982, under the name Harte Resources Company. By Articles of Amendment dated December 31, 2003, the Company changed its name to Harte Gold Corp. The Company’s registered office and principal business office is located at 8 King Street East, Suite 1700 Toronto, Ontario M5C 1B5.

The Company is a reporting issuer in the Provinces of Ontario, Alberta and British Columbia and its outstanding common shares are listed on the TSX Venture Exchange under the symbol “HRT”.

## **ITEM 2: GENERAL DEVELOPMENT OF THE BUSINESS**

### **OVERVIEW**

The Company has acquired and explored various gold properties located in the Provinces of Ontario and Quebec. In recent years, exploration has occurred on two properties in Ontario: (i) a property located approximately 25 km northeast of the Town of White River (the “Sugar Zone Property”) located in the north-south trending Dayohessarah greenstone belt, and covers a gold occurrence referred to as the “Sugar Zone”; and (ii) a property located on and adjacent to the Destor-Porcupine Fault Zone in close proximity to the 2.5 million ounce Holloway-Holt Gold Mine in the Timmins Porcupine gold camp (the “Stoughton-Abitibi Property”). The Company has conducted various diamond drill and other exploration programs on these two properties.

### **THREE YEAR HISTORY**

#### **2008**

During the year ended November 30, 2008, the Company raised gross proceeds of \$1,361,000 under three private placements.

The Company initiated a drill program on the Stoughton-Abitibi Property in early spring 2008 that consisted of ten drill holes over a 2.5 kilometer west to east strike length. 2,800 meters of drilling was completed under the 2008 program but assay results did not include any significant zones of mineralization.

During the year, the Company added to the Stoughton-Abitibi Property with the addition of a 100% interest in 86 adjacent claims on the Quebec side of the Ontario border.

The Company also increased its Sugar Zone Property holdings with the addition of two claims during the year.

In the first quarter of 2008, a DIGHEM airborne geophysical survey was flown over the entire Sugar Zone Property. The survey consisted of 1,917 km of survey coverage. Interpretation of the survey results highlighted 1,067 electromagnetic (“EM”) anomalies, of which 180 distinct anomalies warranted additional evaluation.

Interpretation of the survey results highlighted five zones adjacent to or along strike from the Sugar Zone that warranted drill testing.

Robert Platt, President and CEO was removed from office in March 2008 and replaced by Robert Isles pursuant to a vote by the Board of Directors. The Company entered into a Settlement Agreement with Robert Platt which provided for a one-time payment of \$5,000 and the cancellation of 1,725,000 stock options.

Coincident with the above, the CFO resigned and was replaced by a new appointee and the Board of Directors authorized a forensic audit of certain of the Company's affairs.

The forensic audit completed a preliminary analysis of issues around cash disbursements and selected property transactions, and recommended additional work be performed. However, the Company discontinued the forensic audit.

In October 2008, the CFO who was appointed in March 2008 resigned and was replaced by the CFO who had previously resigned in March 2008.

On November 24, 2008 the Company received a requisition from the Shareholders' Protection Committee of Harte (the "Committee") instructing the Company to convene a Special Meeting of Shareholders.

On December 17, 2008 the Company announced its intention to convert up to \$400,000 in debt into 8 million shares at a deemed price of \$0.05 per share, of which 7,575,000 common shares in the capital of the Company ("Common Shares") were subsequently issued to management and insiders. By order of the Ontario Court it was determined that the Common Shares so issued were not eligible to be voted.

The TSX Venture Exchange determined these shares had been issued in contravention of exchange rules. These shares were subsequently cancelled as required by the TSX Venture Exchange.

## **2009**

As a result of the Special Shareholders Meeting held January 30, 2009 the former Board of Directors was replaced and a new management team appointed.

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 took the position that the claims were without merit and advised the claimants accordingly.

During the year ended November 30, 2009, the Company completed four private placements and raised gross proceeds of \$664,500.

Management initiated an internal review to follow up on preliminary forensic audit work undertaken in 2008 in connection with historical cash disbursements and property acquisitions.

In conjunction with the above, and pursuant to an audit by the Canada Revenue Agency ("CRA") of 2003 exploration expenses, 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 required 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.

Based on its internal review of concerns raised by the forensic and CRA audits, the new management team determined that it will file a claim in an amount equal to or greater than the amount of penalties, interest and any re-assessments levied by CRA in respect of the prior flow-through issues, against the former Directors and Officers of the Company during the relevant period.

## **2010**

The Company filed a notice of change of year end with the Canada Revenue Agency from November 30<sup>th</sup> to December 31<sup>st</sup>. The first year end after the change is December 31, 2010.

During the year, the Company raised \$8,447,783 under working capital and flow through financings to provide working capital for corporate operations and funds for mineral exploration.

The Company entered into a Letter Agreement with Corona dated March 5, 2011 to acquire an option on Corona's 51% interest in the Sugar Zone Property (the "Sugar Zone Property Joint Venture"). Upon an initial payment of \$10,000 and the issuance of 7,180,000 Common Shares on March 10, 2010 Harte became the operator of the Sugar Zone Property under the Sugar Zone Property Joint Venture.

Harte entered into an option agreement with Corona effective May 28, 2010 (the "Comprehensive Agreement") upon payment of \$2,000,000 together with the issuance of an additional 4,331,638 Common Shares to Corona. Under the Comprehensive Agreement, Harte has the option to acquire all of Corona's interest with the payment of an additional \$2.5 million prior to the second anniversary of the Comprehensive Agreement or \$3.0 million prior to the third anniversary of the Comprehensive Agreement, plus an amount of \$90,000 every 6 months.

As of June 28, 2010 the Company entered into an option agreement with Lloyd Joseph Halverson, Eugene Belisle and John E. Ternowesky (the "Halverson Option Agreement") to acquire 3 mining claims contiguous to the 326 claims previously held in the Sugar Zone Property. Under the Halverson Option Agreement, to earn a 100% interest in the claims, the Company must make cash payments of \$225,000 and incur work commitments of \$300,000 over 5 years and issue 200,000 Common Shares over 3 years. These claims are 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 Halverson Option Agreement for a further 5 years to complete the purchase of the claims.

As operator of the Sugar Zone Property Joint Venture, the Company has accelerated the pace of exploration at the Sugar Zone Property and begun a comprehensive exploration program designed to expand the current resource and test numerous targets along the seven kilometer mineralized structure on strike identified during the summer 2009 exploration program.

The Company completed an initial 2,097 meter diamond drill program in March and April, 2010. Four deep holes were drilled to test the zones between 300 and 600 meters below surface and six shallow holes were drilled that provided samples for metallurgical work.

Drill core material was sent for metallurgical testing and the results of such testing indicated total gold recovery of up to 98%, with up to 80% being recoverable by gravity concentration.

The resource estimates for the Sugar Zone were updated and reported in a *National Instrument 43-101* ("NI 43-101") compliant technical report dated September 19, 2010 titled "2010 Diamond Drilling Program and Revised Resource Estimate of the Sugar Zone Project" (the "NI 43-101 Technical Report"), prepared by David S. Hunt, P. Geo.

In the spring of 2010, a program of line cutting was undertaken, followed by Induced Polarization ("IP") surveys around the areas where high grade surface samples had been discovered during the summer 2009 prospecting, reconnaissance and mapping program.

The high grade sample from the zone located 1.7 kilometres north of the Sugar Zone (the "Peacock", now referred to as the "Wolf Zone") was corroborated with a new grab sample, with a significant conclusion reached that this mineralized zone was metasediment with significant disseminated sulphides, quite distinct from the quartz vein Sugar Zone structure. High correlation between an IP anomaly and the Peacock showing was noted and the IP survey was expanded to cover a larger area around the Peacock showing.

A Magnetometer ("Mag") survey was also performed over the New Zone (also now referred to as the "Wolf Zone") and many of the Mag anomalies were consistent with the locations of IP anomalies.

Grab samples from a second IP anomaly just north of the Peacock anomaly returned significant sulphide hosted gold mineralization and led the Company to conclude that a new discovery had been made, referred to as the "Wolf Zone".

The Wolf Zone was discovered using IP and Mag surveys, followed by a trenching and sampling program (see the Company's news release dated October 5, 2010). The surveys and follow up programs produced very positive results indicating the presence of Hemlo-style disseminated sulphide gold mineralization.

A drilling program on the Wolf Zone began in October and was completed in December 2010. The first of two holes made a significant intersection. Hole Number NZ10-02, drilled beneath Trench 2, intersected 9.5 g/t over 7.5 metres from 22 metres to 29.5 metres. Included in the

interval are 22.9 g/t over 3.5 metres which includes 111 g/t over 0.5 metres. The mineralization occurred as disseminated sulphides with varying amounts of fine visible gold (VG).

The drill program had the objective of expanding the Wolf Zone along strike and down dip and tested a number of IP and Mag anomalies.

Mineralization was encountered in all holes except WZ-10-05 and WZ-10-06 which were stopped short of the target zone. Significant gold mineralization including high grade intervals with visible gold ("VG"), were encountered in WZ-10-02-03, WZ-10-16 and WZ-10-18 (see news release dated January 6, 2011).

As a result of this important new discovery at the Wolf Zone and encouraging drill results from the initial drill program, Harte completed an IP and Mag survey area over the 1.7 kilometre area between the Wolf Zone and Sugar Zone. Targets will be tested under the winter 2011 drill program to determine the potential and extent of gold mineralization between the two Zones.

Harte has also identified an apparent Synform Structure or "Fold Nose" (the "Fold Closure") formation located 5 kilometres north-west of the Wolf Zone. As of the date hereof Harte has begun line cutting on the "Fold Nose" area and will follow up with an IP / Mag survey over this area. Fold Closures are often associated with elevated gold values and Harte anticipates drill testing this area during the summer 2011 drill program.

With the discovery of the Fold Closure and interpretive work based on a property wide airborne survey, Harte has interpreted a potential gold mineralization corridor that runs for a distance of 18 kilometres from the Fold down the western and eastern limbs. Both the Sugar Zone and the Wolf Zones are located on the eastern limb and have current strike lengths of 800 and 600 meters respectively.

**Current initiatives:**

- A 10,000 meter, two rig drill program is currently underway and consists of:
  - a) 6,000 meter in-fill drilling on the Sugar Zone resource between surface and 300 meters to upgrade the current resource from inferred and indicated to the measured and indicated category,
  - b) 4,000 meters to test extensions of the Sugar Zone at depth and along strike and, test IP and Mag targets between Sugar and Wolf zones - a distance of 1.7 kilometres
- IP and Mag survey over the Fold Nose area located 5 kilometres north-west of the Wolf Zone
- Data compilation in preparation for a systematic property wide summer 2011 prospecting and sampling program
- Pre - Feasibility work on the Sugar Zone resource to move it towards production

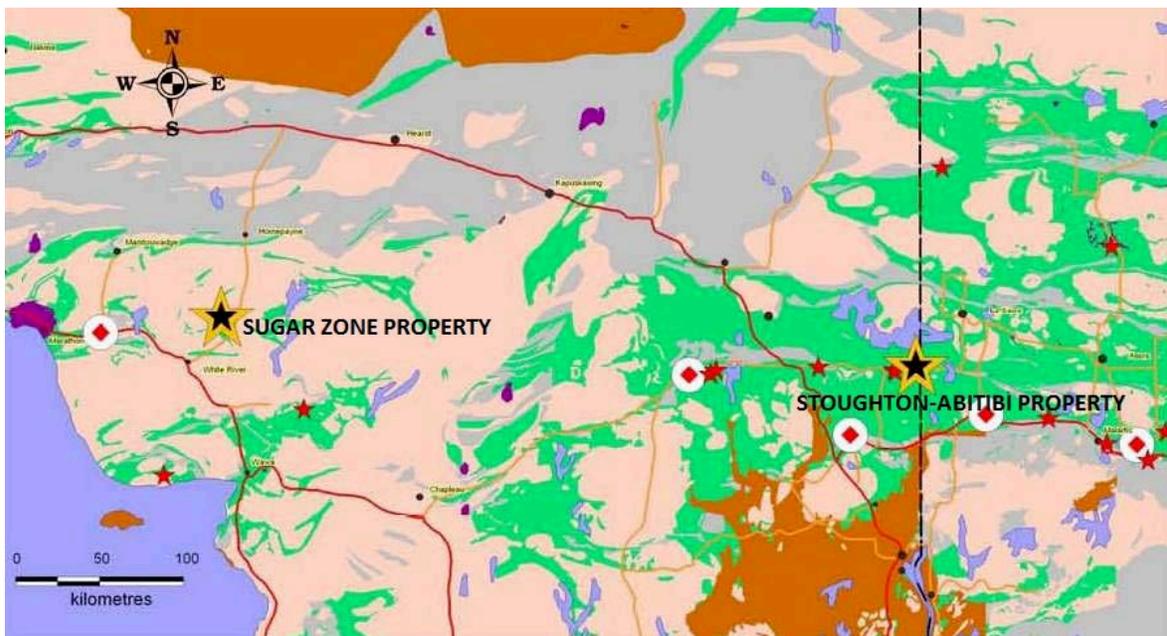
- Road building to facilitate production from the Sugar Zone deposit

The Sugar Zone property covers close to 80,000 acres and consists of a greenstone belt within a surrounding buffer zone of claims staked in November 2010. Management is confident that discoveries made in 2010 are representative of the property's potential to host additional gold resources.

### ITEM 3: NARRATIVE DESCRIPTION OF THE BUSINESS

#### DESCRIPTION OF THE COMPANY'S BUSINESS

The Company is a mineral exploration company which has been engaged in exploring for gold on its two properties that are located in Ontario: the Sugar Zone Property and the Stoughton-Abitibi Property.



#### **Consultants / Employees**

As at the date hereof, the Company has 10 consultants or employees located in Toronto, Ontario and in White River, Ontario. Executive officers of the Company are retained through personal holding companies to provide services to Harte.

Harte is dependent on the services of key executives, including the Chairman, President and Chief Executive Officer of the Company and a small number of highly skilled and experienced executives and personnel. See *"Risk Factors – Dependence on Key Personnel"*.

#### **Environmental Protection**

All phases of Harte's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. These regulations set forth a wide range of sanctions and penalties, both criminal and civil, for violations of the regulations.

To date, applicable environmental legislation has had no material financial or operational effects on the operations of the Company. See also "*Risk Factors – Environmental Regulations*".

### **Competitive Conditions**

The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies which have greater financial resources and experience. The market price of metals and minerals is determined in international markets, is volatile and is beyond the Company's control. See "*Risk Factors – Competition*".

### **Specialized Skill and Knowledge**

All aspects of the business of the Company require specialized skill and knowledge. Such skill and knowledge include the areas of geology, drilling, logistical planning, engineering, construction, mine operations, metallurgical processing, environmental compliance and accounting. The Company employs or retains a number of technical personnel with relevant experience, education and professional designations, and constantly evaluates the need for additional employees and or consultants with particular expertise.

### **DESCRIPTION OF THE SUGAR ZONE PROPERTY**

The technical information in this description of the Sugar Zone Property is based on the NI 43-101 Technical Report. The entire report is available for viewing on [www.sedar.com](http://www.sedar.com) and the Company's web site at [www.hartegold.com](http://www.hartegold.com). The summary technical information included herein has been prepared with the consent of David S. Hunt P.Geo.

#### **1. Description of Property**

##### **(a) Location**

The Sugar Zone Property is situated approximately 25 km northeast of the Town of White River (Trans Canada Highway No. 17) and 60 km east of the Hemlo gold camp. The property is approximately equidistant from Sault Ste Marie to the east and Thunder Bay to the west. The property covers portions of Odlum, Strickland, Gourlay, Tedder and Hambleton Townships and falls within the Sault Ste. Marie Mining Division.

##### **(b) Description**

The Sugar Zone Property consists of a block of 329 unpatented, unsurveyed, contiguous mining claims covering approximately 11,780 hectares and a block of 83 unpatented, unsurveyed, contiguous mining claims that cover approximately 16,917 hectares which surround the original claim package. Of these, 162 claims will come up for renewal between September 1, 2010 and

February 28, 2011. Work credits required for these renewals amounts to \$69,200. There is \$618,780 of assessment work in reserve for the renewal of these claims, which does not include work credits accumulated by the 2010 drilling program described here. All claims are held in the name of Corona, except for SSM 4228496, 4228497 and 4228499, which are held in the name of Lloyd Joseph Halverson and are subject to the Halverson Agreement as described below. The property boundaries are marked by claim lines but have not been surveyed. Surface rights are held by the Crown and timber cutting rights are held by White River Forest Products Ltd.

The Sugar Zone Property comprises the following unpatented mining claims which claims were staked and recorded and subject to the Comprehensive Agreement between Harte Gold Corp. and Corona Gold Corporation: SSM 937765 – 768, SSM 937770 – 772, SSM 1043698, SSM 1043701 – 712, SSM 1043715 – 717, SSM 1043803, SSM 1043806 – 812, SSM 1043814 – 828, SSM 1044094 – 097, SSM 1044100 – 103, SSM 1055500 – 543, SSM 1055576 – 589, SSM 1069100, SSM 1069120 and 121, SSM 1069186 – 194, SSM 1069196 – 199, SSM 1069300 – 350, SSM 1069352 – 376, SSM 1069378 – 391, SSM 1078243 – 259, SSM 1078265 – 277, SSM 1078314 – 319, SSM 1135498 and 499, SSM 1140638 – 649, SSM 1140658 – 660, SSM 1174765 – 766, SSM 1182993 and 994, SSM 1183012 – 021, SSM 1194337, SSM 1194339 and 340, SSM 1232640 and 641, SSM 1235594 and 595, SSM 3012217 – 218, SSM 3018389 – 393, SSM 4201064 – 067, SSM 4201069 – 071, SSM 4201074 – 081, SSM 4201082 – 093.

The following unpatented 3 mining claims are contiguous to the 326 claims above and are subject to the Halverson Option Agreement dated June 28, 2010: SSM 4228496 - 497, and SSM 4228499.

The following 83 unpatented mining claims were staked and recorded in November 2010 under the name of Dan Patrie Exploration Ltd. on behalf of Harte Gold Corp. and transferred into the name of Harte Gold Corp. as of March 3, 2011: SSM 4260601 – 4260683.

All claims are within the Sault Ste Marie Mining Division of Ontario.

(c) Nature and Extent of Company's Interest

326 of the 329 mining claims are recorded in the name of Corona and are subject to the Comprehensive Agreement between Corona and Harte.

On May 28, 2010 Harte entered into the Comprehensive Agreement with Corona to acquire Corona's interest. An initial cash payment of \$10,000 and 7,180,000 Harte Common Shares had previously been made on March 10, 2010, whereupon Harte became the operator of the Sugar Zone Property. Pursuant to the Comprehensive Agreement, Harte made a further cash payment to Corona of \$2,000,000 and an additional 4,331,638 Common Shares. To acquire Corona's 51% joint venture interest and hold 100% of the Sugar Zone Property, Harte must make the following additional payments: \$90,000 in cash every six months until exercise of the option and \$2,500,000 on or before the second anniversary of the Comprehensive Agreement or, failing such payment, \$3,000,000 on or before the third anniversary of the Comprehensive Agreement.

Of the 326 mining claims comprising the Sugar Zone Property subject to the Comprehensive Agreement, 280 are subject to a 3.5% net smelter royalty ("NSR") in favour of the original

vendors of the property, which NSR can be reduced to 2% through the payment of \$1.5 million. The remaining 36 claims held in Corona's name were acquired in the years 2003 through 2008 and are not subject to any royalties. The operator under the Sugar Zone Property Joint Venture also holds a right of first refusal on any sale of the NSR.

In addition to the 326 mining claims held in the Sugar Zone Property Joint Venture, the Company also holds an option on 3 claims, under the Halverson Option Agreement, which option was acquired on June 28, 2010. To earn a 100% interest in these 3 claims, the Company must make cash payments of \$225,000 and incur work commitments of \$300,000 and issue 200,000 Common Shares over a three year period. Upon earning its interest in the claims, such interest will then be subject to a 3% NSR, which can be reduced to 1.5% upon payment of \$1.5 million. The Company also owns 83 mining claims staked and recorded in November 2010.

(d) Environmental

No previous or current environmental liabilities are known to exist within the boundaries of the Sugar Zone Property.

(e) Known Mineralized Zones

Geologically, the property is located in the north-south trending Dayohessarah greenstone belt, and covers a gold occurrence referred to as the "Sugar Zone", so named for the sugary texture of quartz which hosts the gold mineralization. The Sugar Zone is controlled by a major linear structure which strikes northwest and which has been traced by drilling and geological mapping over a strike-length of approximately 3.5 km. Within this structure, the gold-bearing Sugar Zone occupies a segment with a strike length of 1.1 km. The zone consists of two parallel mineralized zones separated by 10m to 15m of barren mafic volcanics. The zones range in thickness from 2m to 12m, strike northwest, and dip, on the average, 64° southwest. Both are defined by swarms of felsic porphyry sills within mafic volcanics. The sills are typically altered, and are accompanied by quartz veins, stringers and zones of silicification.

(f) Required Permits

Roads extending onto the property from the west are gated and designated as Restricted Access by the Ontario Ministry of Natural Resources (MNR), in order to limit access to two remote tourist operations lying within the property boundary. Road access permits are required from the MNR in order to travel logging roads leading to the eastern portion of the property. See Section 2 (a) below.

**2) *Accessibility, Climate Local Resources, Infrastructure and Physiography***

(a) Accessibility

The property can be accessed via a series of logging roads and drill trails extending north from the community of White River. Access is also available by way of floatplane based in White River via Dayohessarah Lake or Hambleton Lake, and by helicopter based in Wawa to the east or Marathon to the west. A three kilometer drill trail, established during the 1998 exploration

program, allows access to the Sugar Zone via all-terrain or tracked vehicles. Distance from White River to the drill trail leading onto the property is approximately 55 km on logging roads.

Areas surrounding Dayohessarah and Hambleton Lakes are designated by the Ontario Ministry of Natural Resources as “Restricted Access”. Permits are required for road access to most of the Sugar Zone Property for mineral exploration purposes.

(b) Climate

The local climate is northern boreal, with short hot summers and cold, snowy winters. Field operations can be carried on year-round.

(c) Local Resources

The nearest community to the property is White River (population approximately 800), 25km southwest of the property. Mining infrastructure and workers are present in the two communities serving the Hemlo mining camp, Marathon and Manitouwadge, about 65 km west of White River. The larger population centers of Thunder Bay and Sault Ste. Marie are situated 380 km west and 310 km east of White River, respectively.

(d) Infrastructure

All the local communities except Manitouwadge lie along Highway 17, the Trans-Canada Highway. Canadian Pacific’s transcontinental main line passes through White River. Highway 631, a secondary paved highway extending north from White River through Hornepayne and on to Trans-Canada Highway 11, passes approximately 11 km east of the property. A Hydro One electrical transmission line passes through White River.

(e) Topography

Topography on the Sugar Zone Property varies from moderate to rugged, with lake levels generally at 390m above sea level, and occasional hills up to 480m elevation. Vegetation is boreal, with jack pine, fir, poplar and birch occupying dry uplands and cedar, tamarack and spruce growth on more poorly drained terrain. Overburden ranges between 0 and 10 meters in thickness as observed in trenching and diamond drilling.

**3) History**

Considerable exploration has been carried out on the Sugar Zone Property and to a lesser extent, on the Dayohessarah greenstone belt, since 1969, according to assessment files in the Resident Geologist’s Office in Sault Ste. Marie. Most of the exploration carried out to date has been in and around Dayohessarah Lake.

In 1969 Canex Aerial Exploration Ltd. drilled three diamond drill holes in the vicinity of the mafic/ultramafic intrusives and flows near the north end of Dayohessarah Lake. Their best intersection was 0.326% Ni and 0.08% Cu over 5 ft. in metagabbroic rocks.

After ten years of very little exploration in the area, regional interest was re-ignited in 1981 by the Hemlo Gold discoveries. Pezamerica Resources Ltd. conducted an exploration program between the years 1983-1986. An airborne Mag and EM survey outlined 31 geophysical anomalies in the area. Twenty-four of these anomalies were investigated by Teck Exploration on behalf of Pezamerica. In the winter of 1983/84 Teck Exploration drilled nine airborne geophysical targets based on a coincidental soil gold anomaly trend that had been outlined earlier that year. In all cases the geophysical targets tested were explained by pyrite- and pyrrhotite-rich horizons within felsic volcanics. Hole PZ-6 returned appreciable amounts of sphalerite mineralization (0.47% Zn over 2.8 feet). None of the assayed sections of core returned promising gold values.

In 1991, Hemlo Gold optioned the property from the prospecting syndicate that in 1990 staked the entire Dayohessarah greenstone belt. Initial prospecting by Hemlo Gold uncovered the gold-bearing Sugar Zone. Based on bedrock exposure and, trenching the Sugar Zone was traced for 750m and I.P. data suggested that the structure extended for 1500m.

In 1993, Hemlo Gold conducted a preliminary diamond drill program testing the Sugar Zone for economic gold mineralization. The initial program returned favorable results and Hemlo Gold proceeded with its exploration program, initiating geological mapping, prospecting and follow up drilling programs. An I.P. survey was completed over the southern portion of the property and a Mag survey was completed over the entire grid. Hemlo Gold had delineated additional targets based on surface work and geophysics for the summer of 1984 but instead ended their option agreement.

In 1998, most of the current property was optioned from John E. Ternowesky, Lloyd Halverson, Ernie Beaven, Eino Ranta, The Estate of Omer L. Belisle, Broad Horizons Trust and Broad Horizons Inc. and then transferred into the name of Corona as part of the Corona Option Agreement between Corona and Harte.

In autumn 1998, Corona carried out an extensive mineral exploration program, encompassing all work described below:

- The existing grid was rehabilitated and new grid lines established east of Dayohessarah Lake. In total 96.1 line km were cut and chained at 100m spacing and at 25m stations, from a base line oriented at 320° azimuth.
- The geology of the property was mapped on a scale of 1:1000 to outline new favourable exploration targets. A total of 96.1 line km of mapping and sampling was completed on the property between September 25 and October 30, 1998. Prospecting was limited to the Sugar Zone and extensions of the Sugar Zone to the south and to the north. I. P. anomalies to the north were carefully prospected along strike (Roach, Hunt and Drost, 1998). An orientation soil sampling program was carried out over the Sugar Zone between September 27 and October 1, 1998.
- A surface power stripping and trenching program was completed to expose Sugar Zone mineralization during the period between September 30 and November 3, 1998. Six

trenches were excavated, washed, channel sampled and mapped in detail (Drost, Hunt and Roach, 1998).

- A detailed Mag-VLF and reconnaissance gradient I.P. survey was performed on the property between October 14 and 30, 1998 (Simoneau, 1998).
- A diamond drilling program, consisting of 9,937m of NQ core drilled in 53 holes, was carried out between October 24 and December 8, 1998. The purpose of the program was to test the 'Resource Area' (12900N to 13100N) at pierce point spacings of 50m; to test a 3 km strike length of the Sugar Zone (10700N to 13700N) at shallow depth; to test the '124 Shoot' (12300N to 12600N); to follow up low grade mineralization encountered in previous drilling by Hemlo Gold; and to test previously untested, or poorly tested IP anomalies west of the Sugar Zone and east of Dayohessarah Lake. Details and results of this diamond drilling program are presented by Hunt and Drost, 1998.
- Preliminary resource estimates of Sugar Zone mineralization in the 12000 N to 13100 N area were prepared, based on the results drill program noted above.

A revised resource estimate was made, using revised and refined criteria and polygonal methods, in spring 1999, following additional data evaluation (Hunt and Drost, 1999). The total inferred resource estimate for both mineralized zones was 429,996 tonnes, with an average grade of 11.19 g/t Au, using a 3 g/t Au cut-off grade (154,671 contained ounces gold).

A diamond drilling program, consisting of 26 holes totalling 7,100 metres, was carried out on the property by Corona during fall and winter 2003-04 (Hunt, 2004). The purpose of the program was to increase the mineral resource estimated in 1999. The program was successful in expanding the strike and dip extent of the Sugar Zone, as well as in increasing the level of confidence in the continuity of mineralization by in-fill drilling. Consequently, the inferred resource, using a cut-off grade of 3.00 g/t Au, was increased from 429,996 tonnes grading 11.19 g/t Au (154,671 ounces of gold) to 904,400 tonnes grading 9.752 g/t Au (283,500 ounces of gold).

During February 2008, a helicopter-borne airborne geophysical survey was flown over the property by Fugro Airborne Surveys Corp. under contract to Corona Gold Company. The survey used a DIGHEM multi-coil, multi-frequency electromagnetic system along with a high sensitivity cesium magnetometer. Flight lines were spaced 100m apart and were flown in a northwestern orientation in the north half of the property and a northeastern orientation in the southern half. The EM sensor was flown at a height of 30m. A total of 1,917 line kilometres were flown. Results are reported in a report and maps (Fugro Airborne Surveys Corp., 2008) which are in the assessment files, Resident Geologist's Office, MNM, Sault Ste. Marie, ON.

During March and April 2009 a diamond drilling program, consisting of 10 holes and totalling 2,020 metres, was carried out on the property by Corona. The purpose of the program was to test airborne electromagnetic conductors, magnetic anomalies, induced polarization chargeability anomalies and geologically defined possible extensions to known Sugar Zone mineralization north and south of the main deposit. Results are described in a report by D. S. Hunt, which is available in the assessment files, Resident Geologist's Office, MNM, Sault Ste. Marie and Sudbury, Ontario. Following on the drill program it was recommended that

compilation of historic exploration data on the remainder of the property be followed by a program of reconnaissance mapping and prospecting to evaluate the Fugro airborne conductor axes on the ground as well as to identify additional target areas extending both north and south of existing Sugar Zone mineralization and elsewhere on the property.

The above recommended program of prospecting, reconnaissance geological mapping and channel sampling was undertaken on the property between late July and mid-September, 2009. Prospecting and mapping conducted along the northerly extensions of the Sugar Zone east of Dayohessarah Lake located a heavily rusted angular glacial float cobble. Sampling of the float returned an assay of 87.80 grams per tonne (g/t) gold. Quartz veining immediately southeast of Little Dayohessarah Lake confirmed elevated Noranda surface samples. Two surface outcrop grab samples collected during the current program assayed 30.40 g/t gold and 9.04 g/t gold from a thin quartz vein cutting mafic volcanics. Other former Noranda trenched and sampled occurrences immediately northeast of Little Dayohessarah Lake were also sampled, with results that confirmed original values. Results of the program were reported by the author (Hunt 2009b) in an assessment report filed with MNDMF. Follow-up diamond drilling and grid mapping were recommended to further evaluate favourable results.

In March 2010, Harte became the operator under the Sugar Zone Property Joint Venture in connection with its negotiation of the Corona Option Agreement to acquire Corona's interest in the Sugar Zone Property. Exploration and drilling work has been under the control of Harte since that time and is described more fully below.

There has been no previous recorded mineral production from this property.

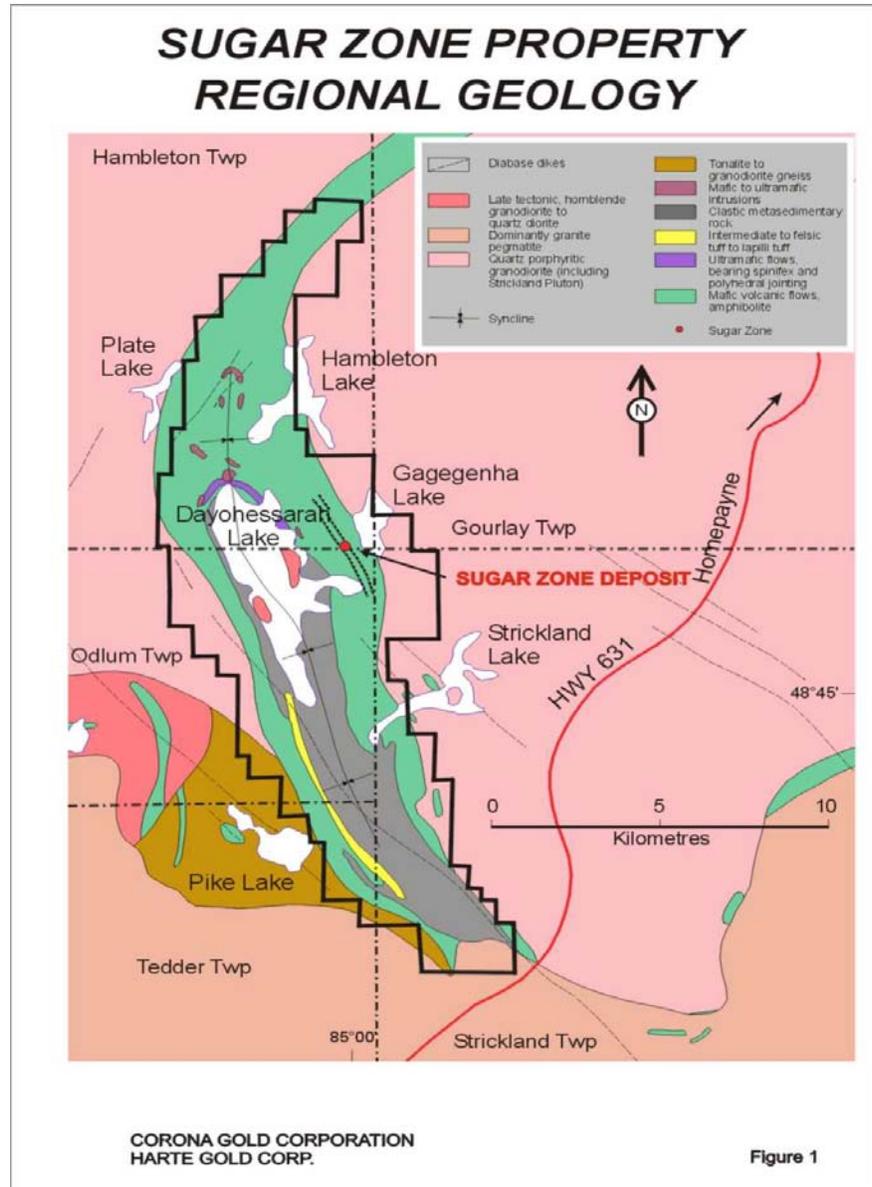
#### **4) Geological Setting**

The Dayohessarah greenstone belt is situated between two larger greenstone belts: Hemlo to the west and Kabinakagami to the east. These greenstone belts are all part of the larger east trending Schreiber-White River Belt of the Wawa Subprovince of the Superior Craton. The Late Archean Dayohessarah greenstone belt trends northwest and forms a narrow, eastward – concave crescent. The belt is approximately 36 km in length and varies in width from 1.5 to 5.5 km. Principal lithologies in the belt are moderately to highly deformed metamorphosed volcanics, volcanoclastics and sediments that have been enclosed and intruded by tonalitic to granodioritic quartz porphyritic plutons, (see Figure 1).

Near Dayohessarah Lake the belt is dominated by a basal sequence of massive to pillowed mafic volcanics, commonly with ellipsoidal, bleached alteration pods, overlain by intermediate tuff and lapilli tuff. The tuffaceous units rapidly grade upward to a sedimentary sequence consisting of greywacke and conglomerates derived from volcanics, sediments, and felsic intrusive sources (G. M. Stott, 1996). Several thin, continuous cherty sulphide facies iron formations are found in the mafic volcanic sequence. Spinifex textured komatiitic flows stratigraphically underlie the main sedimentary sequence and can be traced around the north end of Dayohessarah Lake. Also at the north end of Dayohessarah Lake mafic to ultramafic sills and stocks underlie the komatiites.

Several fine to medium grained quartz and/or feldspar porphyry sills have been injected into and have swarmed the belt. Swarming of the felsic porphyry sills is more intense east of Dayohessarah Lake. Stott has interpreted the felsic porphyry sills and associated porphyry bodies to be related to the Strickland pluton. The Strickland pluton borders the greenstone belt to the east and is characterized by a granodiorite composition, quartz phenocrysts, fine grained titanite, and hematitic fractures. A smaller granitic quartz porphyry body containing some sulphide mineralization is located northwest of Dayohessarah Lake.

(a) Regional



The Dayohessarah greenstone belt has been metamorphosed to upper greenschist to amphibolite facies. The Strickland pluton seems to have squeezed the greenstone belt and imposed upon it a thermal metamorphism (G.M. Stott, 1996). Most of the mafic volcanics are

composed primarily of plagioclase and hornblende. Almandine garnets are widely observed in the clastic metasediments and locally in the mafic volcanics (G.M. Stott, 1996).

Alteration throughout the belt consists of albitization, weak biotization, weak carbonatization and moderate to strong silicification which accompanied the emplacement of the porphyry sills and quartz veining.

Foliations and numerous top indicators define a synclinal fold in the central portion of the belt. The synclinal fold has been strongly flattened and stands upright with the fold hinge open to the south and centered along Dayohessarah Lake.

The belt has been strongly foliated, flattened and strained. Deformation seen in the supracrustal rocks has been interpreted to be related to the emplacement of the Strickland pluton. Strongly developed metamorphic mineral lineations in the supracrustal rocks closely compare with the orientations of the quartz phenocryst lineations seen in the Strickland pluton. This probably reflects a contact strain aureole imposed by the pluton upon the belt (G.M. Stott, 1996). The strain fabric is best observed a few hundred meters from the Strickland pluton in the Sugar Zone, which has been characterized as the most severely strained part of the belt. The Sugar Zone is defined by sets of parallel mineralized quartz veining, quartz flooding of strongly altered wallrock, thin felsic porphyry lenses and sills parallel to stratigraphy and foliation, and gold mineralization.

The major linear structure recognized on the property is the Sugar deformation Zone (SDZ) that trends northwest –southeast for approximately 3.5 km and dips southwest between 60° and 70°. It appears to be spatially related to the Strickland Lake pluton. The SDZ is a complex system with strain intensities varying from strongly deformed-pillowed mafic volcanics to undeformed massive mafic flows to anastomosing linear areas. Stratigraphically-conformable porphyritic felsic intrusions swarm through the SDZ. Some of these porphyritic felsic units may, in fact, be intermediate to felsic tuffaceous horizons. Both the mafic and the porphyries exhibit strong linear fabrics along with hydrothermal alteration (i.e. silicification +/- albite).

Numerous northeast to north trending lineaments and/or faults have been interpreted from ground geophysics, which indicate the intersection and discontinuity of lithostratigraphic bodies.

#### (b) Property

In general, the northwesterly striking, southwesterly dipping stratigraphy hosting the mineralized portion of the Sugar Zone can be subdivided into the following units:

- Hanging wall Volcanics
- Upper Zone (Sugar Zone Mineralization)
- Interzone Volcanics
- Lower Zone (Sugar Zone Mineralization)
- Footwall Volcanics

The Hanging wall, Interzone and Footwall volcanic horizons consist predominantly of massive and pillowed basalt flows generally striking northwest and dipping west at an average angle of 64°. Very coarse grained, locally gabbroic-textured phases form a significant component of the hanging wall mafic volcanic package. It is believed that these phases represent feeder sills or thick, slowly-cooled portions of massive flows, as they commonly grade into finer grained, more recognizable basaltic flows. In much of the area in which drilling was carried out (11950 N to 13100 N) a distinctive, very coarse grained massive mafic flow was observed consistently about 15m stratigraphically above the Upper Zone. Other than this unit, specific mafic flows, as well as intermediate to felsic porphyry units, were nearly impossible to interpret from hole to hole.

These rocks have been metamorphosed to upper greenschist to lower to middle amphibolite facies, the degree of metamorphism increasing to the east, toward the Sugar Zone and the Strickland pluton. In most holes testing the Sugar Zone minor garnet development was common in mafic horizons and pillow selvages.

Mafic volcanics have been intruded by thin, intermediate to felsic porphyritic dykes or sills. These intrusions vary in abundance on the property, but increase in the vicinity of the SDZ.

A northerly striking, vertically dipping, dark green to black, porphyritic diabase dyke intrudes older rock types of the SDZ, cutting the zone from 12600 N to 13000 N. The porphyritic nature of the dyke is due to widely scattered pale yellowish green feldspar phenocrysts up to 2.5 cm across. The dyke is locally weakly magnetic. A small amount of lateral movement of the Zones is interpreted locally on either side of the dyke, suggesting that very minor dyke-related faulting has occurred.

The youngest intrusive rocks observed are white to pale gray, fine to medium grained, occasionally pegmatitic felsite dykes. These generally thin dykes strike northeast and, intersect older stratigraphy and veining. These dykes are fresh and undeformed and clearly postdate the mineralization and deformation events.

The Upper and Lower Zones range in thickness from 2 to 12m, strike 145° and dip 64°, with minor undulations. Between 12100N and 12200N the zones are interpreted to have been faulted, with right-lateral movement for a distance of about 40m, by a vertical fault striking 025°.

## **5) Exploration**

Previous exploration of the property directed by then operator Corona is described in Section 3 dealing with the history of the property. Exploration described in this report consists exclusively of diamond drilling carried out by Harte, the current operator of the project. This is described below under Section 7, Drilling.

## **6) Mineralization**

In the Sugar Zone, gold mineralization occurs in quartz veins, stringers and quartz-flooded zones predominantly associated with porphyry, porphyry contact zones, hydrothermally altered basalts and, rarely, weakly altered or unaltered basalt within Upper and Lower Zones.

Fine to coarse specks and blebs of visible gold are common in Sugar Vein-hosted quartz veins and floods, usually occurring within marginal, laminated and refractured portions of veins. Within veins gold is commonly observed concentrated in thin fractures (indicating some degree of remobilization) parallel to foliation. Quartz veins and floods also contain varying amounts of pyrrhotite, chalcopyrite, pyrite, galena and sphalerite, molybdenite and arsenopyrite. The combined presence of galena, sphalerite and arsenopyrite is a strong indicator of the presence of visible gold.

Pyrite, chalcopyrite and, rarely, molybdenite, form a minor component of total sulphides and do not appear to be directly associated with the presence of gold mineralization.

## **7) Drilling**

Diamond drilling was carried out during the period March 28 to April 25, 2010. A total of 2,097.31m of NQ core (47.6 mm diameter) was drilled in 12 surface holes. Two of the holes were aborted at shallow depth; the remaining 10 holes reached target and are relevant to the results reported in this report.

Drilling was carried out by More Core Diamond Drilling Services Ltd., Prince George, British Columbia. Field supervision, core logging and sampling supervision were carried out by David S. Hunt, P. Geo., of Sharpstone Geoservices Ltd., Thunder Bay, Ontario. The program was designed jointly by George Flach, P. Geo., Harte's Vice President of Exploration and the author of this report. Drilling was carried out using a Hydro Core 2000 diamond drill. The program was completely helicopter supported, utilizing an Astar 350 D helicopter contracted from Expedition Helicopters of Cochrane, Ontario. Crews and helicopter were based in White River.

The overall purpose of the program was twofold: firstly, to test previously untested areas of the mineralized zones between 300m and 500m below surface in four long holes; and secondly, to test both mineralized zones a short distance below surface, beneath a historic surface trench, in order to provide mineralized samples for metallurgical studies. A summary of drill holes is shown on Table 1.

The collar of each proposed hole was located using GPS coordinates, using a Garmin GPSMap 60C instrument, because the pre-existing 1998 grid was largely overgrown. However all long holes were collared within site of previous drill holes and the metallurgical holes were collared from one set-up within site of the surface expression of their target. The drill rig was aligned on each site to the most accurate extent possible using a Brunton compass.

Downhole surveys were performed by drill crews, at 50m intervals, using a Reflex E-Z Shot single shot unit, which measures both the inclination and the azimuth of the hole. Anomalous azimuths caused by the presence of magnetic minerals in the drill hole were discarded and were replaced with intermediate values calculated from adjacent measurements. Drill core was examined at the drill prior to hole completion to ensure holes were not stopped before or within mineralized zones. Following completion, the UTM coordinates of each collar were recalculated using a Garmin GPSMap 60C instrument. UTM coordinates were reported using

datum NAD 83, Unit 16. Casing was left in the ground and hole collars were marked with an aluminium casing cap into which the hole number was stamped.

Drill core was logged in detail, describing each rock type, including structural features, alteration and mineralization. Core was oriented so that regional foliation maintained an acute angle (<90°) to the core axis. Dips of contacts, foliations, dykes, veins, folds, faults and other structural features were noted on diamond drill logs. With the exception of mineralized zones, all units thicker than 1m were described as major rock units, while thinner rock units were described as sub-units. In the case of mineralized zones, all rock units, regardless of their thickness, were described as major rock units.

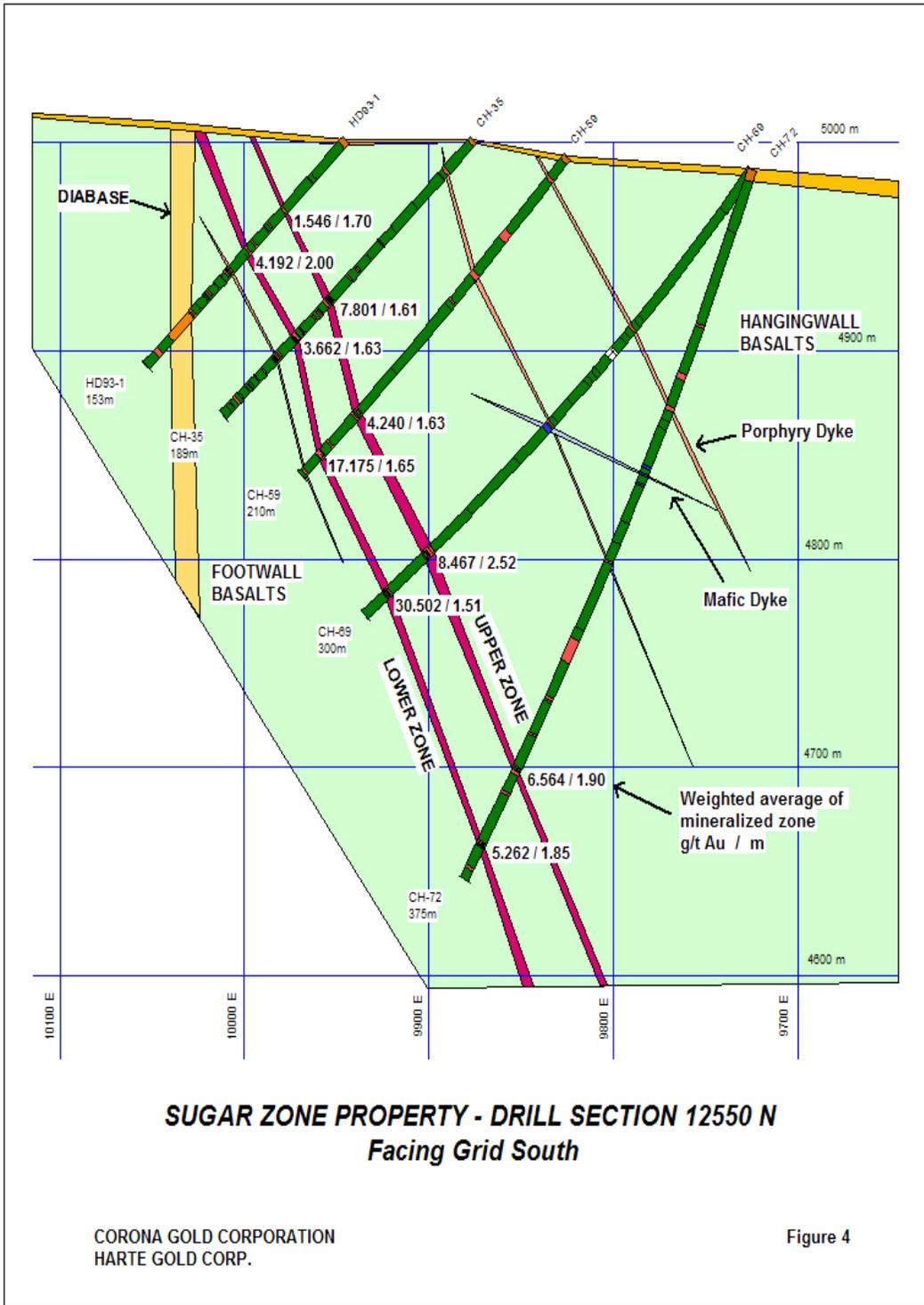
Drill logs, assay certificates, sections and other reporting materials from the program are stored in Harte's White River field office. Following logging and sampling, drill core was stored in racks at Harte's office and core facility in White River Ontario.

Figure 3 in the NI 43-101 Technical Report. the shows a diamond drill hole surface plan showing the traces of the Upper and Lower Zones, drill collars and vertical projections of hole traces. A typical cross-section of the Sugar Zone type mineralization is shown on Figure 4 in the NI 43-101 Technical Report, reproduced herein on page 23.

With the exception of two holes which were aborted at shallow depth for technical reasons, as noted above, all holes intersected both the Upper and Lower Zones in their expected locations. Intersect points and significant values from each zone are reported on Table 2. While the Upper Zone was identified in holes SZ10-103 and SZ10-104, no significant gold values were obtained ('significant' being defined as assays at or greater than 1.00 grams per tonne). Upper and Lower Zone pierce points for each hole are listed in the table in Appendix D to the NI 43-101 Technical Report and are shown visually on the Upper and Lower Zone longitudinal sections showing resource polygons, attached as Figures 5 and 6 of the NI 43-101 Technical Report.

**Table 1: Drill Hole Summary**

Hole No.	Start Date	Completion Date	UTM NAD 83 Zone 16		Dip (deg.)	Azimuth (deg.)	Depth (m)	Purpose of Hole
			Northing	Easting				
SZ10-101A	Mar. 28/10	Mar 28/10	5407050	645988	-60	044	8.84	To test Lower Zone at approx. 4700m elevation
SZ10-101	Mar 28/10	Apr. 3/10	5407050	645988	-60	044	393.8	To test Lower Zone at approx. 4700m elevation
SZ10-102	Apr. 3/10	Apr 9/10	5407044	645986	-72	045	423.67	To test Lower Zone at approx. 4600m elevation
SZ10-103	Apr 9/10	Apr. 14/10	5407128	645921	-69	044	408.43	To test Lower Zone at approx. 4600m elevation
SZ10-104	Apr 15/10	Apr 20/10	5406982	646062	-78	045	487.68	To test Lower Zone at aoorix, 4600m elevation
SZ10-105	Apr. 21/10	Apr. 21/10	5407504	645988	-45	050	12.19	Metallurgical hole to test Upper and Lower Zones at shallow depth beneath Trench 3
SZ10-105A	Apr. 23/10	Apr. 23/10	5407504	645988	-45	050	54.86	Metallurgical hole to test Upper and Lower Zones at shallow depth beneath Trench 3
SZ10-106	Apr. 22/10	Apr. 22/10	5407504	645988	-55	050	60.96	Metallurgical hole to test Upper and Lower Zones at shallow depth beneath Trench 3
SZ10-107	Apr. 23/10	Apr. 23/10	5407504	645988	-65	050	65.53	Metallurgical hole to test Upper and Lower Zones at shallow depth beneath Trench 3
SZ10-108	Apr 24/10	Apr. 24/10	5407504	645988	-45	040	54.86	Metallurgical hole to test Upper and Lower Zones at shallow depth beneath Trench 3
SZ10-109	Apr. 24/10	Apr. 24/10	5407504	645988	-55	040	60.96	Metallurgical hole to test Upper and Lower Zones at shallow depth beneath Trench 3
SZ10-110	Apr. 24/10	Apr. 25/10	5407504	645988	-65	040	65.53	Metallurgical hole to test Upper and Lower Zones at shallow depth beneath Trench 3
<b>Total</b>							2097.31	



**Table 2: Significant Drill Intersections**

DDH	Section (N)	Zone	From (m)	To (m)	Au (g/t)	Core width (m)
SZ10-101	12600	Upper	296.11	296.41	1.930	0.30
SZ10-101	12600	Lower	331.83	333.52	3.090	1.69
SZ10-102	12600	Upper	327.45	328.55	1.065	1.10
SZ10-102	12600	Lower	363.10	364.70	8.083	1.60
SZ10-103	12650	Lower	377.26	379.36	6.904	2.10
SZ10-104	12500	Lower	467.81	469.72	1.196	1.91
SZ10-105A	12950	Upper	11.77	14.76	4.815	2.99
SZ10-105A	12950	Lower	35.89	41.76	14.142	5.87
SZ10-106	12950	Upper	11.93	14.00	8.599	2.07
SZ10-106	12950	Lower	39.82	42.87	8.18	3.05
SZ10-107	12950	Upper	12.29	13.67	1.158	1.38
SZ10-107	12950	Lower	44.97	51.09	7.178	6.12
SZ10-108	12950	Upper	12.43	14.54	7.924	2.11
SZ10-108	12950	Lower	40.33	43.60	6.885	3.27
SZ10-109	12950	Upper	11.86	13.92	6.629	2.06
SZ10-109	12950	Lower	40.44	46.44	28.631	6.00
SZ10-110	12950	Upper	12.00	16.29	18.083	4.29
SZ10-110	12950	Lower	42.21	48.29	28.16	6.08

**Note:** Core widths may have been modified by including all or portions of flanking samples in order to ensure minimum true widths of 1.45m.

#### **8) Sample Security, Preparation and Analysis**

Samples of drill core were split using a Vancon core saw. The saw and cutting area was kept clean and free of dust and sludge. Cut portions of core were washed after cutting. Samples were cut and bagged by a technician employed by Sharpstone Geoservices Ltd.

Half of each sample was placed in a clear plastic sample bag which was closed with a cable tie. The other half of the sample was replaced in the core box to provide a permanent geological record. The clear plastic bags were labelled with the sample number. Sample tags were placed both in the sample bags and in the core box beneath the upper piece of each sample. For samples in which visible gold was observed, sample tags were labelled "VG".

Sample bags were placed in large cloth bags, approximately seven to ten to a large bag. When filled, the large bags were labelled and closed with two cable ties.

Samples were shipped in batches, generally one batch per drill hole. The samples were either delivered directly to the assay laboratory by the author, or delivered by the author to the Greyhound Canada bus depot in White River and then shipped by bus to Activation Laboratories Ltd. in Thunder Bay, Ontario for assaying.

Activation Laboratories Ltd. is accredited by the Standards Council of Canada (SCC) for International Standards Organization (ISO) 17025, Mineral Analysis/geological tests (CAN-P-1579).

At the laboratory each sample up to 5 kg is crushed up to 90% passing 2mm, split (250g) and pulverized (hardened steel) to 85% passing 75 microns.

All samples were assayed using a 50g sample fire assay with an atomic absorption finish. Samples assaying more than 3000 ppb gold from this method were re-assayed using a 50g sample fire assay with a gravimetric finish.

All samples in which visible gold was observed during logging or cutting were identified and were analyzed by a gold fire assay – metallic screen method: a representative 1000g sample split was sieved at 100 mesh (150 micron), with assays performed on the entire +100 mesh fraction and two splits of the -100 mesh fraction. When assays were completed on the coarse and fine portions of the bulk sample, a final assay was calculated based on the weight of each fraction.

As well as the standard QA/QC procedures carried out by Actlabs as part of their normal analytical procedure, in-house standard and blank samples were added to the sample stream at the time of logging and sampling, as described below.

For each batch of 25 samples one standard sample and one blank sample was inserted into the sample stream.

Each fifteenth sample was a blank sample. Blank samples consisted of 0.30m portions of split core from previous project drill holes which assayed below or close to background. A comparison between blank sample original assay values and current assays from this program are tabulated on Table 3. It is concluded that results from the analyses carried out by Actlabs in this program were identical or reasonably close to previous results.

Two gold standard samples were purchased from Analytical Solutions Inc., Toronto, Ontario, for insertion in the sample stream of the program. OREAS 10c had a certified value of 6.60 g/t Au and OREAS 16a had a certified assay value of 1.81 g/t Au. For each batch of 25 samples one randomly picked standard sample was placed inserted into the sample stream at a random location. Results of standard sample analyses are tabulated on Table 4. While the Actlabs assay results were commonly slightly lower than certified assay values, all results for both samples lay within three standard deviations of their certified value.

It is therefore concluded that the assay results reported herein meet quality control standards.

**Table 3: QA/QC: Comparison of Assay Results, Standard Samples.**

Old Sample #	Old DDH	Assay Au (g/t)	New Sample #	New DDH	Assay Au (g/t)
424005	SZ09-91	0.003	258465	SZ10-101	0.003
424005	SZ09-91	0.003	258490	SZ10-101	0.003
424005	SZ09-91	0.003	259265	SZ10-102	0.003
424006	SZ09-91	0.003	259290	SZ10-103	0.003
424006	SZ09-91	0.003	259315	SZ10-103	0.003
424006	SZ09-91	0.003	259340	SZ10-104	0.003
424007	SZ09-91	0.003	259365	SZ10-104	0.003

424007	SZ09-91	0.003	259390	SZ10-105A	0.003
424007	SZ09-91	0.003	259390	SZ10-105A	0.003
424035	SZ09-91	0.003	259415	SZ10-106	0.003
424035	SZ09-91	0.003	259440	SZ10-107	0.003
424035	SZ09-91	0.003	259465	SZ10-108	0.003
424035	SZ09-91	0.003	259490	SZ10-109	0.006
424036	SZ09-91	0.003	259765	SZ10-110	0.013
424036	SZ09-91	0.003	259790	SZ10-110	0.011

**Table 4: QA/QC: Standard Sample Analyses.**

DDH	Sample #	Standard	Certified Assay (g/t)	Actlabs Assay (g/t)	Comments
SZ10-101	285454	OREAS 10C	6.60	6.42	within 2 standard deviations
SZ10-102	259284	OREAS 10C	6.60	6.34	within 2 standard deviations
SZ10-105A	259382	OREAS 10C	6.60	6.45	within 1 standard deviation
SZ10-106	259402	OREAS 10C	6.60	6.76	within 2 standard deviations
SZ10-107	259444	OREAS 10C	6.60	6.57	within 1 standard deviation
SZ10-108	259462	OREAS 10C	6.60	6.26	within 3 standard deviations
SZ10-109	259498	OERAS 10C	6.60	6.27	within 2 standard deviations
SZ10-110	259755	OREAS 10C	6.60	6.20	within 3 standard deviations
SZ10-110	259782	OREAS 10C	6.60	6.24	within 3 standard deviations
SZ10-101	258481	OREAS 16A	1.81	1.64	within 3 standard deviations
SZ10-102	259261	OREAS 16A	1.81	1.69	within 2 standard deviations
SZ10-103	259301	OREAS 16A	1.81	1.72	within 2 standard deviations
SZ10-104	259327	OREAS 16A	1.81	1.77	within 1 standard deviation

To date samples results have not been verified by testing at other laboratories.

### **9) Mineral Resources and Mineral Reserve Estimate**

Indicated and inferred mineral resources of the Upper and Lower Zones of the Sugar Zone deposit have been estimated using a polygonal method and are based on weighted averages with a cut-off grade of 3 g/t Au over a minimum estimated true width of 1.45 m.

The weighted averages commonly include high “spikes” reflecting the presence of free gold in quartz veins and stringers, and include flanking, lower grade (< 3g/t Au), resulting in an average grade of at least 3 g/t Au over a minimum true width of 1.45m. The method for calculating true widths is described below. In the case of mineralized intersections made up of two or more high-grade quartz veins, samples assaying above cut-off define each end of the interval. In cases where mineralized intervals contain only one high-grade vein, the weighted average was extended by including samples assaying below the 3 g/t cut-off in order to define a weighted average of at least 3 g/t Au over a true width of 1.45m. In rare cases unsampled core intervals were included and given an arbitrary grade of 0.000 g/t Au. Pierce points of all drill holes and

all weighted averages were re-calculated for this resource estimate. Calculations of all weighted averages used in the present resource estimate are shown in Appendix E.

The polygonal method was chosen because of the regular spatial and sheet-like character of the two mineralized zones comprising the Sugar Zone deposit. The polygons were constructed in the plane of each zone, both of which dip at an average angle of 64 °, and were created by drawing a circle with a radius of 50m (in the case of indicated resources) or 100m (in the case of inferred resources), centered on the pierce point of each drill hole in the longitudinal section. Longitudinal sections were projected in the plane of mineralization, rather than vertically, in order to eliminate distortion of circles and polygons. This has resulted in a vertical exaggeration of 10%, as shown on Figures 5 and 6. Indicated and inferred polygons were constructed to lie within the circumference of each circle of influence. In the case of overlapping circles, the polygon boundaries were drawn along the intersection point of each overlap. The indicated and inferred polygon mosaic used in the resource estimates described herein are shown on Figures 5 and 6 at the back of the report.

Polygons were digitally drawn using MapInfo and Discover software. The area of each polygon was calculated by the software. Because inferred polygons were based on circles with 100m radius, rather than the indicated 50m radius circles using the same pierce point of each drill hole, the area of inferred polygons was calculated by subtracting the area of the 50m radius polygon for any drill hole from the area of the 100m radius polygon for the same drill hole. The volume of each polygon was calculated by multiplying the area of the polygon by the calculated true width of the intersection. The tonnage of each resource is the product of the volume and specific gravity of the mineralized rock. This was determined to be 2.62 by Accurassay Laboratories Ltd., (Hunt and Drost, 1999).

True widths were calculated trigonometrically. Assuming -64° as the average dip of both zones, the plane perpendicular to the average dip has an inclination of 90° - 64° = 26°.

The true width (W) of any given core length (L) is therefore:

$$W = L \times \cos (\alpha - 26^\circ)$$

where  $\alpha$  is the angle of the inclination of each hole at its pierce point, as determined from downhole surveys. Tables showing detailed polygon calculations are in Appendix E, while detailed resource estimate calculations are in Appendix F. According to the CIM standard definitions, the difference between an “inferred” and “indicated” mineral resource lies essentially in the degree of confidence in the continuity of mineralization from data point to data point, *i.e.* from hole-to-hole, or trench-to hole etc. Considering the regular nature of the Sugar Zone deposit and the easy predictability of the locations of parts of the mineralized zones, as well as the study of the mineralized zones exposed on surface, the confidence level regarding continuity of the mineralization between data points separated by a approximately 50 metres is sufficiently high to justify the “indicated” classification. Resources between 50m and 100m from the pierce point of each drill hole are defined herein as inferred.

Indicated and inferred resource estimates are tabulated below on Table 6.

**Table 6: Indicated and Inferred Mineral Resource Estimates of Sugar Zone Deposit**

ZONE	INDICATED			INFERRED		
	tonnes	g/tonnes Au	total grams	tonnes	g/tonnes Au	total grams
Upper	351,400	6.53	2,937,800	112,700	8.95	1,007,900
Lower	765,300	9.23	7,100,200	303,900	6.45	1,960,200
TOTAL	1,117,000	8.41	10,038,000	417,000	7.13	2,968,000

**10) Exploration Activities****(a) Recommended Exploration Program**

A two-phase program of infill and exploratory diamond drilling is recommended.

The purpose of Phase I would be to: a) drill those portions of the mineralized shoots above 300m depth which are currently defined as 'inferred' in order to upgrade the confidence level of these portions of the deposit to an 'indicated' category; and b) to define inferred category mineralization within the mineralized shoots from a depth of 300m to 600m below surface.

A second phase, Phase II, would be designed to upgrade resources between 300m and 600m below surface to the indicated category through additional infill drilling.

The amount of drilling estimated for each phase would be approximately:

Phase I A: 16 holes, totalling 3,275m  
Phase I B: 10 holes, totalling 5,310m  
Phase II: 38 holes totalling 19,075m

Estimated approximate costs of the above phases are:

Phase I A:	Drilling	\$ 458,500
	Geology, assays, accommodation, supplies, etc.	\$ 98,300
	Contingency (10%)	\$ 55,700
	Total Cost	\$ 612,500
Phase I B:	Drilling	\$ 743,400
	Geology, assays, accommodation, supplies, etc.	\$ 159,300
	Contingency (10%)	\$ 90,600
	Total Cost	\$ 993,300
Phase II:	Drilling	\$2,670,500
	Geology, assays, accommodation, supplies, etc.	\$ 572,300
	Contingency (10%)	\$ 324,300
	Total Cost	\$3,567,100

Completion of both phases would result in an indicated Sugar Zone resource from surface to a depth of 600m.

## DESCRIPTION OF STOUGHTON-ABITIBI PROPERTY

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. The latter 25 claims are subject to a 3.5% net smelter royalty.

In October 2007, the Company received an NI 43-101 report on the Stoughton-Abitibi Property prepared by Mr. Robert Kusins, P.Geo. (a copy can be found at [www.sedar.com](http://www.sedar.com)). Exploration drilling continued in the spring of 2008 and the Company acquired adjacent claims located in the Province of Quebec. Since 2008, there has been no further work performed on the Stoughton-Abitibi Property and in 2009, the Company concluded that the results of exploration work performed no longer justified the capitalization of exploration expenditures. Also, in early 2010, the Quebec claims were allowed to lapse. At this time, the Company has no plans to pursue further exploration on the Stoughton-Abitibi Property.

## RISK FACTORS

An investment in the securities of the Company is speculative and involves significant risks which should be carefully considered by prospective investors before purchasing such securities. In addition to the other information set forth elsewhere in this Annual Information Form, the following risk factors should be carefully reviewed by prospective investors:

### ***History of Losses***

The Company is a junior mining, exploration and development corporation with no producing properties. There is no assurance that any of the properties which the Company now has or may hereafter acquire or obtain an interest in will generate earnings, operate profitably, or provide a return on investment in the future.

### ***Risks inherent in the nature of mineral exploration and development***

Mineral exploration and development involves several risks which experience, knowledge and careful evaluation may not be sufficient to overcome. Large capital expenditures are required in advance of anticipated revenues from operations. Many exploration programs do not result in the discovery of mineralization; moreover, mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in the conduct of exploration programs and the operation of mines. The commercial viability of exploiting any precious metal deposit is dependent on a number of factors including infrastructure and governmental regulations, in particular those respecting the environment, price, taxes, and royalties. No assurance can be given that minerals of sufficient quantity, quality, size and grade will be discovered on any of the Company's properties to justify commercial operation.

All phases of the mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational

health, mine safety, toxic substances and other matters. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment. Although the Company believes that its exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that would limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company. In the context of environmental permitting, including the approval of reclamation plans, the Company must comply with known standards, existing laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. The Company is not aware of any material environmental constraint affecting any of its development properties that would preclude the economic development or operation of any specific property.

***Uncertainty of reserve and resource estimates***

The mining and exploration business relies upon the accuracy of determinations as to whether a given deposit has significant mineral reserves and resources. This reliance is important in that reported mineral reserves and resources are only estimates and do not represent with certainty that estimated mineral reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on limited sampling, and inherently carry the uncertainty that samples may not be representative of actual results.

***Political Risk***

The properties are located in Canada. Accordingly, the Company is subject to risks normally associated with exploration for and development of mineral properties in this country.

The Company's ability to conduct future exploration and development activities is subject to changes in government regulations and shifts in political attitudes over which Harte has no control.

***Business Risk***

There are numerous business risks involved in the mineral exploration industry, some of which are outlined below.

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 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. The company 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, its financial results, exploration and development activities have been, or may in the future be, adversely affected by declines in the price of lithium, gold and/or other metals. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange 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 mining and sale of precious and base metals or interests related thereto. The effect of these factors on the price of precious and base metals, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

***Funding Risk***

There can be no assurance that any funding required by the Company will become available, and if so, that it will be offered on reasonable terms, or that the Company will be able to secure such funding through third party financing or cost sharing arrangements. Furthermore, there is no assurance that the Company will be able to secure new mineral properties or projects, or that they can be secured on competitive terms. Depending upon if and when commercial quantities of ore are found, the Company may or may not have the financial resources at that time to bring a mine into production. The only sources of funding which might be available to the Company at such time may be limited to the sale of equity capital, mineral properties, royalty interests or the entering into of joint ventures, there being no assurances that any of the foregoing forms of funding will be available to the Company.

***Additional Capital***

The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of any of the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favorable to the Company. In addition, low commodity prices may affect the Company's ability to obtain financing.

***Environmental and Permitting***

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

***Acquisition***

The Company uses its best judgment to acquire mining properties for exploration and development in pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the

Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favorable terms, or that any acquisition completed will ultimately benefit the Company.

### ***Competition***

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

### ***Dilution***

In the event the Company seeks to procure additional financing through the sale and issuance of its securities, or in the event that current common share option or warrant holders exercise their options or warrants, the then shareholders of the Company may suffer immediate and substantive dilution in their percentage ownership of the issued and outstanding shares of the Company. As of the date of this AIF, there were common share purchase warrants outstanding allowing the holders of such warrants to purchase up to 17,777,971 Common Shares. In addition, 13,350,000 incentive stock options granted to certain directors, officers, employees and consultants of the Company, pursuant to the Company's Stock Option Plan, as amended, are also outstanding. As of the date of this AIF, there are 142,327,563 Common Shares outstanding, meaning that the exercise of all of the existing common share purchase options and warrants would result in further dilution to the existing shareholders of approximately 24% of the outstanding Common Shares. Should such common share options and warrants be exercised, the increase in the number of Common Shares issued and outstanding, and the possibility of sales of such shares may have a depressive effect on the price of the Common Shares. In addition, the voting power of the Company's existing shareholders will be diluted.

### ***Absence of Dividends***

The Company has no earnings or dividend record and since it intends to employ available funds for mineral exploration and development it does not intend to pay any dividends in the immediate or foreseeable future. The future dividend policy will be determined by the Board of Directors.

### ***Potential Volatility of Material Price of Common Shares***

The TSX has, from time to time, experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the market price of the Company's Common Shares. In addition, the market price of the Common Shares is likely to be highly volatile. Factors such as the price of gold, and other minerals, announcements by competitors, changes in stock market analyst recommendations regarding the Company, and general market conditions and attitudes affecting other exploration and mining companies may have a significant effect on the market price of the Common Shares. Moreover, it is likely that during the future quarterly periods, the Company's results and exploration activities may fluctuate significantly or may fail to meet the expectations of stock market analysts and investors and, in such event, the market price of the Common Shares could be materially adversely affected.

#### ITEM 4: DIVIDENDS

The Company has not declared or paid any dividends on its Common Shares since the date of its formation. The Company intends to retain its earnings, if any, to finance the growth and development of its business and has no present intention of paying dividends or making any other distributions in the foreseeable future.

#### ITEM 5: DESCRIPTION OF CAPITAL STRUCTURE

##### General Description

The Company is authorized to issue an unlimited number of Common Shares of which, as of the date hereof, 142,327,563 Common Shares are issued and outstanding as fully paid and non-assessable Common Shares.

The holders of the Common Shares are entitled to dividends, if, as and when declared by the Board of Directors, to notice of and to one vote per share at meetings of the shareholders of the Company and, upon liquidation, to receive such assets of the Company as are distributable to the holders of the Common Shares. All of the Common Shares outstanding are fully paid and non-assessable.

##### Prior Sales

The following table contains details of the prior sales of securities of the Company during the previous fiscal year and to the date of this Annual Information Form:

Date of Issue	Method of sale	Number of Common Shares	Price per Common Share
December 23, 2009	Private Placement of Common Shares	4,000,000	\$0.05
December 23, 2009	Private Placement of Flow-Through Common Shares	6,447,624	\$0.07
January 18, 2010	Private Placement of Common Shares	1,000,000	\$0.05
March 11, 2010	Property Acquisition	7,180,000	\$0.13
April 20, 2010	Exercise of Finders Warrants and Option Agreement	545,833	\$0.12 & \$0.15
April 29, 2010	Exercise of Finder's Warrants	84,405	\$0.10
May 25, 2010	Private Placement Unit Offering consists of one common share and on-half common share purchase warrant exercisable at \$0.15 until November 25, 2011	38,797,000	\$0.10
May 26, 2010	Property Acquisition	4,331,638	\$0.10
June 10, 2010	Private Placement Unit Offering consists of one common share and on-half common share purchase warrant exercisable at \$0.15 until November 25, 2011	3,945,000	\$0.10
June 10, 2010	Private Placement of Flow-Through Common Shares	8,000,000	\$0.125

<b>Date of Issue</b>	<b>Method of sale</b>	<b>Number of Common Shares</b>	<b>Price per Common Share</b>
July 14, 2010	Property Acquisition	50,000	\$0.09
July 27, 2010	Exercise of Stock Option	400,000	\$0.15
July 30, 2010	Exercise of Finder's Warrants	152,550	\$0.10 & \$0.12
August 10, 2010	Exercise of Finder's Warrants	144,514	\$0.10 & \$0.12
August 26, 2010	Exercise of Finder's Warrants	120,783	\$0.10-\$0.12-\$0.125
August 30, 2010	Exercise of Warrants	250,000	\$0.24
September 8, 2010	Exercise of Stock Option and Warrants	1,016,275	\$0.15 & \$0.24
September 30, 2010	Exercise of Finder's Warrants	160,000	\$0.10
October 5, 2010	Exercise of Finder's Warrants & Stock Option	862,000	\$0.10 & \$0.15
October 18, 2010	Exercise of Finder's Warrants & Warrants	140,737	\$0.10-\$0.15-\$0.24
October 22, 2010	Exercise of Finder's Warrants & Warrants	588,500	\$0.125-\$0.15-\$0.24
November 8, 2010	Exercise of Warrants	1,000,00	\$0.15
November 19, 2010	Exercise of Finder's Warrants & Warrants	869,000	\$0.10 & \$0.15
November 22, 2010	Exercise of Warrants	20,957	\$0.24
November 26, 2010	Exercise of Stock Option and Warrants	1,200,000	\$0.10 & \$0.15
December 6, 2010	Exercise of Finder's Warrants & Warrants	500,000	\$0.10-\$0.15-\$0.24
December 9, 2010	Exercise of Finder's Warrants & Warrants	575,000	\$0.10-\$0.15-\$0.24
December 23, 2010	Private Placement of Flow-Through Common Shares, Exercise of Warrants	2,420,331	\$0.10-\$0.15-\$0.75
December 31, 2010	Private Placement of Flow-Through Common Shares	1,017,667	\$0.75
December 31, 2010	Private Placement of Flow-Through Common Shares	33,333	\$0.75
January 7, 2011	Exercise of Warrants	10,000	\$0.24
February 17, 2011	Exercise of Warrants	45,000	\$0.15
March 4, 2011	Exercise of Warrants	175,000	\$0.15
March 15, 2011	Exercise of Warrants	50,000	\$0.15
March 28, 2011	Exercise of Warrants	72,916	\$0.24
April 7, 2011	Exercise of Warrants	1,458,332	\$0.24
April 28, 2011	Exercise of Warrants	780,000	\$0.24

## ITEM 6: MARKET FOR SECURITIES

### Trading Price and Volume

The Common Shares of the Company trade on the TSX Venture Exchange. The following table sets forth the price ranges and trading volumes of the Common Shares from December 2009 to April 29, 2011:

Period	High	Low	Volume
December 2009	0.07	0.04	784,300
January 2010	0.10	0.065	1,179,046
February 2010	0.095	0.07	287,295
March 2010	0.145	0.07	2,635,606
April 2010	0.22	0.125	7,369,249
May 2010	0.16	0.09	5,719,665
June 2010	0.155	0.10	2,338,822
July 2010	0.205	0.12	6,343,753
August 2010	0.54	0.17	18,893,804
September 2010	0.74	0.37	23,431,624
October 2010	0.73	0.52	18,252,180
November 2010	0.98	0.56	16,185,492
December 2010	0.97	0.54	19,062,317
January 2011	0.72	0.45	5,078,752
February 2011	0.51	0.41	2,683,061
March 2011	0.47	0.35	4,031,522
April 2011	0.51	0.35	6,809,952

## ITEM 7: DIRECTORS AND OFFICERS

### NAME, OCCUPATION AND SECURITY HOLDING

The following sets forth certain information about the directors and executive officers of the Company.

Name, Province and Country of Residence	Position with the Company	Principal Occupation During Preceding Five Years
Stephen G. Roman, B.A (1) Ontario, Canada	Resource Consultant and Chairman, President & CEO	Chairman, President & CEO of the Company since January, 2009; Chairman, President & CEO of Global Atomic Fuels Corporation since 2005; Chairman, President & CEO of Silvermet Inc. since 2005; Chairman, President & CEO of Romex Mining Company since October, 2010. Executive Chairman, Exall Energy Corporation since 2007.
George A. Flach, P.Geo. Ontario, Canada	Director & Vice President Exploration	Director & Vice President Exploration of the Company since 2009; Director & Vice President Exploration of Global Atomic Fuels Corporation since 2005; Director & Vice President Exploration of Romex Mining Company since October, 2010.

John D. Harvey, B.Sc. P. Geo Ontario, Canada	Director	Director of the Company since August, 2010; since his retirement from Noranda Exploration Ltd. in 1995 has provided geological consulting services to numerous exploration companies.
Bernard Kraft, C.A., CBV(1) Ontario, Canada	Director	Director of the Company since July, 2010; Director of Agnico Eagle Gold Mines Limited since 1992; Director of Estrella Gold Company since 1996; Director of St. Andrew Goldfields Ltd. Since 2004; Consultant to Kraft, Berger LLP, Chartered Accountants, since his retirement in 2005.
Derek C. Rance, P.Eng., MBA(1) Ontario, Canada	Director	Director of the Company since July, 2010; Principal of Behre Dolbear & Company, Inc. since 1997; Director of Silvermet Inc. since 2009. Director of Gold Eagle Mines Ltd. from 2006 to 2008.
Rein A. Lehari, C.A., CBV Ontario, Canada	Chief Financial Officer	President of Reindalyne Enterprises Inc. since 2002 and provides financial consulting services including, Chief Financial Officer of the Company since January, 2009; Chief Financial Officer of Global Atomic Fuels Corporation since 2010; Chief Financial Officer of Romex Mining Company since 2010; Director of Silvermet Inc. since 2009;
Timothy N. Campbell B.A. Hons Ontario, Canada	Vice President & Corporate Secretary	President, Public Company Services Inc. Since 1995 provides corporate finance, regulatory compliance and operations management services to junior issuers. Vice President & Corporate Secretary of the Company since June, 2009.
Patricia H. Stirbys LLM., LLB. Ontario, Canada	Vice President Aboriginal Relations	Aboriginal Relations Consultant since October 2010, prior thereto First Nations and Metis Relations Officer Ontario Power Authority from 2009 to 2010 and prior thereto Professor, Faculty of Law, University of Ottawa from 2004 to 2009.

(1) Members of the Audit Committee.

The directors and executive officers of the Company, as a group, currently beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 7,839,000 Common Shares representing 5.51 % of the issued and outstanding Common Shares.

#### **CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS**

To the knowledge of the Company, no director or executive officer of the Company or shareholder holding a sufficient number of securities to affect materially the control of the Company (a) is, as at the date of this Annual Information Form, or has been, within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company, including the Company, that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, (b) is, as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form,

a director or executive officer of any company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or (c) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director.

**(1) Penalties or Sanctions**

None of the directors or officers of the Company or shareholder holding a sufficient number of securities to affect materially the control of the Company has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or have entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

**(2) Individual Bankruptcies**

None of the directors or officers of the Company has, within the ten years prior to the date hereof, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

**CONFLICTS OF INTEREST**

To the best of the Company's knowledge and other than as disclosed herein, there are no existing or potential conflicts of interest among the Company, its promoters, directors, officers or other members of management of the Company except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies and their duties as a director, officer, promoter or management of the Company.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty to any of its directors and officers.

## **ITEM 8: LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

There are no legal proceedings or regulatory actions by or against the Company or affecting the Company's business as of the date of this Annual Information Form except as described below:

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

On November 10, 2010 the Company received a statement of claim (the "Statement of Claim") from John Ternowesky claiming a higher amount of \$3 million, which Statement of Claim also included an offer to settle in the amount of \$250,000. The Company has been advised that the claim of Robert Isles has expired since no steps were taken to enforce such claim within the requisite timeframe. As of the date hereof, the Company has replied to the Statement of Claim advising the remaining claimant there is no merit to his claim and further advising the claimant that the Company holds him liable for various breaches of fiduciary duty owed to the Company.

## **ITEM 9: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as otherwise disclosed herein, no director or officer or any associate or affiliate has had any interest in a material transaction of the Company.

## **ITEM 10: TRANSFER AGENT AND REGISTRAR**

Equity Financial Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario, M5M 4H1 is the registrar and transfer agent for the Company.

## **ITEM 11: MATERIAL CONTRACTS**

During the past two years, the Company or its predecessors and subsidiaries have not entered into any contracts which are currently material other than:

### ***Comprehensive Agreement***

Pursuant to the terms of the Corona Option Agreement, the Company entered into the Comprehensive Agreement effective May 28, 2010, upon payment of the \$2,000,000 plus the issuance of an additional 4,331,638 Common Shares to Corona. Under the Comprehensive Agreement, Harte has the option to acquire all of Corona's interest with the payment of an additional \$2.5 million prior to the second anniversary of the Comprehensive Agreement or \$3.0 million prior to the third anniversary of the Comprehensive Agreement, plus an amount of \$90,000 every 6 months.

### ***Halverson Option Agreement***

The Company entered into the Halverson Option agreement on June 28, 2010 with Lloyd Joseph Halverson, Eugene Belisle and John Ternowesky (the "Halverson Option Agreement") to acquire 3 mining claims contiguous to the 326 claims previously held in the Sugar Zone Property. Under the Halverson Option Agreement, 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. These claims are 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 Halverson Option Agreement for a further 5 years to complete the purchase of the claims.

## **ITEM 12: INTERESTS OF EXPERTS**

None of WeirFoulds LLP, David S. Hunt, P. Geo., Sharpstone Geoservices Ltd. and Collins Barrow LLP, Chartered Accountants, or any director, officer, employee or partner thereof received or has received a direct or indirect interest in the property of the Company or of any associate or affiliate of the Company. As at the date hereof, none of the aforementioned individuals, companies and partnerships, nor any of the directors, officers, employees and partners thereof, beneficially own, directly or indirectly, any securities of the Company or its associates and affiliates.

No director, officer, partner or employee of any of the aforementioned companies and partnerships is currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associates or affiliates of the Company.

### **ITEM 13: ADDITIONAL INFORMATION**

Additional information may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Company's information circular for its most recent annual meeting of shareholders that involved the election of directors, and additional financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial reporting periods.

The Company will provide to any person, upon request to the Secretary of the Company:

1) when securities of the Company are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of a distribution of its securities:

i) one copy of the Annual Information Form of the Company, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the Annual Information Form;

ii) one copy of the comparative financial statements of the Company for its most recently completed financial year together with the report of the auditor and one copy of any interim financial statements of the Company subsequent to the financial statements for its most recently completed financial year;

iii) one copy of the management information circular in respect of the most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared in lieu of that information circular, as appropriate and,

iv) one copy of any other documents incorporated by reference into the preliminary short form prospectus or the short form prospectus not required to be provided under (i) to (iii) above; or

2) at any other time, one copy of any other documents referred to in (i), (ii) and (iii) above, provided that the Company may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Company

## **ITEM 14: AUDIT COMMITTEE INFORMATION**

### **AUDIT COMMITTEE'S CHARTER**

The Company's Audit Committee is governed by its Audit Committee Charter, a copy of which is annexed hereto as **Schedule "A"**.

### **COMPOSITION OF THE AUDIT COMMITTEE**

The Company's Audit Committee is currently comprised of three (3) directors; Stephen G. Roman, Bernard Kraft and Derek C. Rance. As defined in MI 52-110, Bernard Kraft and Derek C. Rance are independent. Also as defined in MI 52-110, all audit committee members are financially literate.

### **AUDIT COMMITTEE OVERSIGHT**

Since the commencement of the Company's most recently completed fiscal year, the Company's Board of Directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

### **RELEVANT EDUCATION AND EXPERIENCE**

The following is a summary of the relevant education and experience of each of the members of the Company's Audit Committee.

#### **Stephen G. Roman**

Mr. Roman is an entrepreneur/financier who has been involved in the resource industry over the past 30 years and has successfully identified, financed, developed, and brought into commercial production a number of mining and oil and gas projects. As a result, he has gained an understanding of accounting principles and the ability to analyze and evaluate the financial statements of the Company.

#### **Bernard Kraft**

Mr. Kraft is an independent director of Agnico-Eagle. Mr. Kraft is recognized as a Designated Specialist in Investigative and Forensic Accounting by the Canadian Institute of Chartered Accountants. Mr. Kraft is a retired senior partner of the Toronto accounting firm Kraft, Berger LLP, Chartered Accountants. As a result, he has gained an understanding of accounting principles and the ability to analyze and evaluate the financial statements of the Company.

#### **Derek C. Rance**

Mr. Rance is a principal of Behre Dolbear & Company Inc. a global mining industry consultancy, and previously President and COO of Iron Ore Company of Canada, Mine Manager at the Dickenson Mine, Red Lake, Ontario and has served on the Board of Directors of a number of public companies including Gold Eagle Mines Ltd. As a result, he has gained an understanding of

accounting principles and the ability to analyze and evaluate the financial statements of the Company.

### **RELIANCE ON CERTAIN EXEMPTIONS**

Since the effective date of MI 52-110, the Company has not relied on the exemptions contained in sections 2.4 or 8 of MI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditors, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditors in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of MI 52-110, in whole or in part.

### **PRE-APPROVAL POLICIES AND PROCEDURES**

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of non-audit services as required.

### **EXTERNAL AUDITORS SERVICE FEES (BY CATEGORY)**

The fees paid by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

<b><u>Financial Year Ending</u></b>	<b><u>Audit Fees</u></b>	<b><u>Audit Related Fees</u></b> <sup>(1)</sup>	<b><u>Tax Fees</u></b> <sup>(2)</sup>	<b><u>All Other Fees</u></b> <sup>(3)</sup>
2010	\$36,505	\$Nil	\$Nil	\$Nil
2009	\$22,750	\$Nil	\$5,000	\$Nil

(1) Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under Audit Fees.

(2) Fees charged for tax compliance, tax advice and tax planning services.

(3) Fees for services other than disclosed in any other column. Fees related to review of prior year's financial statements in relation to the Company's initial public offering.

### **EXEMPTION**

The Company is relying upon the exemption in section 6.1 of MI 52-110 for venture issuers which allows for an exemption from Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of MI 52-110 and allows for the short form of disclosure of audit committee procedures set out in Form 52-110F2.

## Schedule “A”

### CHARTER OF THE AUDIT COMMITTEE

#### Charter of the Audit Committee of the Board of Directors

##### PURPOSE

The Audit Committee (the “**Committee**”) is appointed by the Board of Directors (the “**Board**”) to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for Harte Gold Corp. (the “**Company**”). The Committee’s primary duties and responsibilities are to:

- review the quarterly and annual financial statements and management’s discussion and analysis of the Company and report thereon to the Board;
- select and monitor the independence and performance of the outside auditors of the Company (the “**Independent Auditors**”), including meetings with the Independent Auditors;
- conduct such reviews and discussions with management and the independent auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- provide oversight to related party transactions entered into by the Company; and
- if necessary, assess the integrity of internal controls and financial reporting procedures of the Company and review the internal control report prepared by management required to be included with the annual report of the Company;

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Company, or outside counsel for the Company, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Company and has the authority to retain, at the expense of the Company, special legal, accounting, or other consultants or experts to assist in the performance of the Committee’s duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

##### COMPOSITION AND MEETINGS

1. The Committee and its membership shall meet all applicable legal and listing requirements, including, without limitation, those of the TSX Venture Exchange.
2. The Committee shall be composed of three or more directors, one of whom shall serve as the Chair; both the members and the Chair shall be designated by the Board from time to time.
3. A majority of the members of the Committee shall not be officers or employees of the Company or any of its affiliates.

4. The Committee shall meet at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements, and a majority of the members of the Committee shall constitute a quorum.
5. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
6. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by, the Committee.
7. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
8. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
9. The Committee may invite such officers, directors and employees of the Company and its subsidiary as it may see fit, from time to time, to attend at meetings of the Committee.
10. The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.
11. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose; actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.

The Committee members will be elected annually at the first meeting of the Board following the annual meeting of shareholders.

## **RESPONSIBILITIES**

### **A. Financial Accounting and Reporting Process and Internal Controls**

1. The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable generally accepted accounting principles (“GAAP”) and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
2. The Committee shall review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management’s response.

3. The Committee shall be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, management's discussion and analysis and interim financial press releases, and periodically assess the adequacy of these procedures.
4. The Committee shall review management's discussion and analysis relating to annual and interim financial statements and any other public disclosure documents, including interim financial press releases, that are required to be reviewed by the Committee under any applicable laws before the Company publicly discloses this information.
5. The Committee shall meet no less frequently than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Company in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Company in charge of financial matters, deem appropriate.
6. The Committee shall inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Company may be subject, and assess the steps management, has taken to minimize such risks.
7. The Committee shall review the post-audit or management letter containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
8. The Committee shall establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
9. The Committee shall provide oversight to related party transactions entered into by the Company.

**B. Independent Auditors**

1. The Committee shall recommend to the Board the external auditors to be nominated, shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors report directly to the Committee.
2. The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
3. The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the external auditors in accordance with the terms of this charter.
4. The Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors.

5. The Committee shall review the external auditors' audit plan, including the scope, procedures and timing of the audit.
6. The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.
7. The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within GAAP that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Company and the external auditors.
8. The Committee shall review fees paid by the Company to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.
9. The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Company.
10. The Committee shall monitor and assess the relationship between management and the external auditors and monitor the independence and objectivity of the external auditors.

**C. Other Responsibilities**

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

**Policy and Procedures for Disclosure Concerning Financial/Accounting Irregularities**

**Overview**

The Company requires its directors, officers and employees to observe high standards of professional and ethical conduct in maintaining the financial and accounting records of the Company and to ensure the accuracy of its publicly disclosed financial records. Consistent with this commitment, the Company has adopted procedures for handling complaints or submissions received from employees, directors or officers to ensure that information that could improve the quality of the Company's financial and accounting records is available to the Company's Audit Committee. In order to ensure that all relevant information is disclosed and that the integrity of both the financial and accounting records of the Company are maintained, these procedures are being adopted by the Company.

**When to Submit a Complaint**

Information should be submitted in good faith, based on reasonable belief and in accordance with the procedures described below if it is felt that such information indicates that the Company is experiencing problems with its financial, accounting, internal control or auditing matters. For example, information should be submitted if it is felt that the Company, or any of its employees, officers or outside consultants, have engaged in conduct that could:

- affect the accuracy of the Company's accounting records or information;
- compromise the Company's system for gathering and recording accounting information; or
- bring into question the independence of the Company's relationship with its outside auditor; or
- be contrary to law.

## Reporting Violations

It is the responsibility of all directors, officers and employees to report all suspected irregularities in the Company's financial or accounting records in accordance with this policy. The Company maintains an open door policy and suggests that employees share their questions, concerns, suggestions, complaints or suspected irregularities with the Chairman of the Company's Audit Committee. In addition complaints will be received by the Company's corporate secretary, **Timothy N. Campbell**. Following initial review, all complaints that warrant further action or consideration are forwarded to all members of the Company's Audit Committee. The Audit Committee serves to provide independent review and oversight of the Company's accounting, financial reporting process and internal controls. All information received will be considered carefully, and if necessary, action will be initiated by the Audit Committee to resolve the identified problems or concerns.

## Confidentiality

Employees are not required to identify themselves when submitting information to Timothy N. Campbell. As such, if an employee does not feel comfortable discussing his or her questions, concerns, suggestions or complaints confidentiality will be facilitated by allowing employees to use postal delivery (which, cannot easily be traced) to submit such complaints. In addition, anyone that does identify himself or herself will be protected from any reprisal by management. Those submitting information will not be punished, formally or informally. The Company recognizes that by reporting problems or concerns you will be advancing the overall interests of the Company, and helping to safeguard the Company's financial integrity and reputation.

How to Submit a Confidential Complaint

Confidential Complaints should be mailed to the following address:

Timothy N. Campbell  
Vice President & Corporate Secretary  
1700 – 8 King Street E.  
Toronto, Ontario M5C 1B5

All complaints should identify as many relevant facts as possible, including, if applicable: (i) the date(s) relevant to the identified concern; (ii) the name of any persons involved in the identified activity; (iii) the specific facts that give rise to the concerns expressed; and (iv) any suggestions for resolving or dealing with the problems or issues identified. Following initial review by the above specified person, all complaints will be promptly reviewed, investigated and resolved by the Company's Audit Committee.

## Privacy Violations

In addition to these rules regarding accounting, internal controls and auditing matters, recent privacy legislation (the *Personal Information Protection and Electronic Documents Act* (Canada) and the *Freedom of Information and Protection of Privacy Act* (Ontario)) provide that any person who believes that there has been a contravention of either Act may notify the relevant Privacy Commissioner. The Company may not dismiss, suspend, discipline, harass or otherwise disadvantage an employee because the employee, acting in good faith and on reasonable belief, has disclosed to the Privacy Commissioner that the Company may or may be about to contravene either Act. Any employee that feels a complaint in conjunction with these provisions is warranted may also provide the information under this Policy on a confidential and anonymous basis to the Company's corporate counsel as identified above.