



**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2016**

## **Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements**

The accompanying unaudited condensed interim consolidated financial statements of Harte Gold Corp. (the "Company" or "Harte") for the three months ended March 31, 2016 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited interim consolidated financial statements have not been reviewed by an auditor.

May 11, 2016

"Stephen G. Roman"

Stephen G. Roman  
Chairman, President and CEO

"Rein A. Lehari"

Rein a. Lehari  
Chief Financial Officer

**Harte Gold Corp.**  
(An Exploration Stage Company)  
**Consolidated Statement of Financial Position as at**  
**(Unaudited)**

| Canadian dollars                                  | <b>March 31,<br/>2016</b> | December 31,<br>2015 |
|---|---------------------------|----------------------|
| <b>Assets</b>                                     |                           |                      |
| <b>Current Assets</b>                             |                           |                      |
| Cash and cash equivalents                         | \$ 2,223,767              | \$ 400,318           |
| Receivables (note 5)                              | 216,013                   | 489,048              |
| Subscription Receivable                           | -                         | 11,200               |
| Prepays   | 27,926                    | 27,315               |
|   | <b>2,467,706</b>          | 927,881              |
| <b>Long Term Assets</b>                           |                           |                      |
| Restricted Cash (note 4)                          | 355,540                   | 355,540              |
| Property and Equipment (note 6)                   | 36,675                    | 37,939               |
| Exploration and Evaluation Expenditures (note 7)  | 34,272,322                | 29,397,307           |
|   | <b>\$ 37,132,243</b>      | <b>\$ 30,718,667</b> |
| <b>Liabilities</b>                                |                           |                      |
| <b>Current Liabilities</b>                        |                           |                      |
| Accounts payable and accrued liabilities (note 8) | \$ 4,624,003              | \$ 1,774,409         |
| Contingency provisions (note 19)                  | 103,817                   | 103,817              |
| Flow-through share premium (note 11)              | 65,000                    | 60,000               |
|   | <b>4,792,820</b>          | 1,938,226            |
| <b>Long Term Liabilities</b>                      |                           |                      |
| Secured Notes (note 10)                           | 2,042,949                 | -                    |
| Deferred Contract Mining Fee (note 18)            | 513,341                   | 215,049              |
| Environmental Rehabilitation Provision (note 9)   | 347,953                   | 347,953              |
| Deferred Tax Liability                            | 1,181,310                 | 1,181,310            |
|   | <b>8,878,373</b>          | 3,682,538            |
| <b>Shareholders' Equity</b>                       |                           |                      |
| Capital stock and warrants (notes 12 & 14)        | 38,313,424                | 37,415,842           |
| Shares to be issued (note 18)                     | 513,341                   | 215,049              |
| Other reserves (note 15)                          | 5,740,332                 | 5,423,923            |
| Deficit   | (16,313,227)              | (16,018,685)         |
|   | <b>28,253,870</b>         | 27,036,129           |
|   | <b>\$ 37,132,243</b>      | <b>\$ 30,718,667</b> |

*The accompanying notes are an integral part of these financial statements*

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

| Canadian dollars                                       | <b>March 31,<br/>2016</b> | March 31,<br>2015 |
|--|---------------------------|-------------------|
| <b>Revenue</b>   |                           |                   |
| Interest and other income                              | <b>\$ 308</b>             | \$ 1,828          |
| <b>Expenses</b>  |                           |                   |
| Management and consulting fees (note 17)               | 174,000                   | 110,000           |
| Promotion and travel                                   | 1,198                     | 5,108             |
| Office and general                                     | 65,211                    | 43,792            |
| Professional fees                                      | 21,649                    | 9,275             |
| Shareholders' information                              | 49,120                    | 50,515            |
| Stock-based compensation                               | 43,524                    | -                 |
| Amortization   | 148                       | 34                |
| Flow-through share premium (note 11)                   | (60,000)                  | (56,673)          |
|  | <b>294,850</b>            | 162,051           |
| Net Loss and Comprehensive Loss before income taxes    | <b>(294,542)</b>          | (160,223)         |
| Net Loss per share - basic and fully diluted (note 16) | <b>\$ (0.001)</b>         | \$ (0.001)        |
| Weighted average number of shares outstanding          |                           |                   |
| - Basic and diluted                                    | <b>306,493,375</b>        | 254,658,691       |

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

| Canadian dollars  | March 31,<br>2016   | March 31,<br>2015   |
|---|---------------------|---------------------|
| <b>Cash provided by (used in):</b>  |                     |                     |
| <b>Operations</b>   |                     |                     |
| Net loss  | \$ (294,542)        | \$ (160,223)        |
| Adjustments to reconcile net loss to cash flow from operating activities: |                     |                     |
| Amortization  | 148                 | 34                  |
| Stock-based compensation  | 43,524              | -                   |
| Flow-through share premium  | (60,000)            | (56,673)            |
| Interest income   | (308)               | (1,828)             |
|   | <b>(311,178)</b>    | <b>(218,690)</b>    |
| Net changes in non-cash working capital items:                            |                     |                     |
| Prepays   | (611)               | (5,700)             |
| Subscription receivable   | 11,200              | 26,200              |
| Receivables   | 273,034             | 53,179              |
| Accounts payable and accrued liabilities                                  | 2,849,594           | (273,654)           |
|   | <b>2,822,039</b>    | <b>(418,665)</b>    |
| <b>Financing</b>  |                     |                     |
| Secured notes (note 10)   | 2,427,250           | -                   |
| Cost of share issuances   | (44,000)            | (43,591)            |
| Issuance of units   | 650,000             | 550,000             |
| Options exercised   | 10,000              | -                   |
| Warrants exercise   | 154,250             | 683                 |
|   | <b>3,197,500</b>    | <b>507,092</b>      |
| <b>Investing</b>  |                     |                     |
| Additions to property and equipment (note 6)                              | (751)               | (1,503)             |
| Additions to exploration and evaluation expenditures                      | (4,195,647)         | (549,859)           |
| Interest income   | 308                 | 1,828               |
|   | <b>(4,196,090)</b>  | <b>(548,031)</b>    |
| Net increase (decrease) in cash and cash equivalents                      | 1,823,449           | (459,604)           |
| <b>Cash and cash equivalents, beginning of period</b>                     | <b>400,318</b>      | <b>1,656,234</b>    |
| <b>Cash and cash equivalents, end of period</b>                           | <b>\$ 2,223,767</b> | <b>\$ 1,196,630</b> |

<sup>1</sup> The Company presents cash interest income in investing activities.

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

| Canadian dollars                     | Common Shares<br>(Note 12) |                      | Warrants<br>(Note 14) |                     | Subtotal             | Shares to be<br>issued<br>(Note 18) | Other<br>(Note 15)<br>Reserves | Deficit                | Total<br>Shareholders'<br>Equity |
|--------------------------------------|----------------------------|----------------------|-----------------------|---------------------|----------------------|-------------------------------------|--------------------------------|------------------------|----------------------------------|
|                                      | #                          |                      | #                     |                     |                      |                                     |                                |                        |                                  |
| <b>December 31, 2014</b>             | <b>247,240,532</b>         | <b>33,920,372</b>    | <b>35,869,188</b>     | <b>974,087</b>      | <b>34,894,459</b>    | <b>-</b>                            | <b>4,216,209</b>               | <b>(14,497,833)</b>    | <b>24,612,835</b>                |
| Issued as a result of:               |                            |                      |                       |                     |                      |                                     |                                |                        |                                  |
| Private placements (notes 12 and 14) | 10,000,000                 | 422,761              | 10,000,000            | 127,239             | 550,000              |                                     |                                |                        | 550,000                          |
| Share issuance costs                 |                            | (58,190)             | 428,500               | 14,599              | (43,591)             |                                     |                                |                        | (43,591)                         |
| Warrants exercised (note 14)         | 10,500                     | 929                  | (10,500)              | (246)               | 683                  |                                     |                                |                        | 683                              |
| Stock options granted (note 13)      |                            |                      |                       |                     |                      |                                     | 2,005                          |                        | 2,005                            |
| Net loss for the period              |                            |                      |                       |                     |                      |                                     |                                | (160,223)              | (160,223)                        |
| <b>March 31, 2015</b>                | <b>257,251,032</b>         | <b>34,285,872</b>    | <b>46,287,188</b>     | <b>1,115,679</b>    | <b>35,401,551</b>    | <b>-</b>                            | <b>4,218,214</b>               | <b>(14,658,056)</b>    | <b>24,961,709</b>                |
| Issued as a result of:               |                            |                      |                       |                     |                      |                                     |                                |                        |                                  |
| Private placements (notes 12 and 14) | 48,999,999                 | 2,577,434            | 20,750,001            | 322,566             | 2,900,000            |                                     |                                |                        | 2,900,000                        |
| Shares to be issued (note 18)        |                            |                      |                       |                     |                      | 215,049                             |                                |                        | 215,049                          |
| Flow-through premium (note 11)       |                            | (125,167)            |                       |                     | (125,167)            |                                     |                                |                        | (125,167)                        |
| Share issuance costs                 |                            | (138,654)            | 1,431,840             | 51,219              | (87,435)             |                                     |                                |                        | (87,435)                         |
| Warrants exercised (note 14)         | 103,333                    | 8,926                | (103,333)             | (2,377)             | 6,549                |                                     |                                |                        | 6,549                            |
| Warrants expired (note 14)           |                            |                      | (23,961,700)          | (679,656)           | (679,656)            |                                     | 679,656                        |                        | -                                |
| Stock options granted (note 13)      |                            |                      |                       |                     |                      |                                     | 526,053                        |                        | 526,053                          |
| Net loss for the period              |                            |                      |                       |                     |                      |                                     |                                | (1,360,629)            | (1,360,629)                      |
| <b>December 31, 2015</b>             | <b>306,354,364</b>         | <b>36,608,411</b>    | <b>44,403,996</b>     | <b>807,431</b>      | <b>37,415,842</b>    | <b>215,049</b>                      | <b>5,423,923</b>               | <b>(16,018,685)</b>    | <b>27,036,129</b>                |
| Issued as a result of:               |                            |                      |                       |                     |                      |                                     |                                |                        |                                  |
| Private placements (notes 12 and 14) | 3,250,000                  | 513,835              | 1,625,000             | 136,165             | 650,000              |                                     |                                |                        | 650,000                          |
| Secured notes                        |                            |                      | 10,291,000            | 384,301             | 384,301              |                                     |                                |                        | 384,301                          |
| Shares to be issued (note 18)        |                            |                      |                       |                     |                      | 298,292                             |                                |                        | 298,292                          |
| Flow-through premium (note 11)       |                            | (65,000)             |                       |                     | (65,000)             |                                     |                                |                        | (65,000)                         |
| Share issuance costs                 |                            | (63,540)             | 195,000               | 19,540              | (44,000)             |                                     |                                |                        | (44,000)                         |
| Stock options exercised              | 100,000                    | 10,000               |                       |                     | 10,000               |                                     |                                |                        | 10,000                           |
| Warrants exercised (note 14)         | 1,058,334                  | 169,231              | (1,058,334)           | (14,981)            | 154,250              |                                     |                                |                        | 154,250                          |
| Warrants expired (note 14)           |                            |                      | (5,408,422)           | (191,969)           | (191,969)            |                                     | 191,969                        |                        | -                                |
| Stock options granted (note 13)      |                            |                      |                       |                     |                      |                                     | 124,440                        |                        | 124,440                          |
| Net loss for the period              |                            |                      |                       |                     |                      |                                     |                                | (294,542)              | (294,542)                        |
| <b>March 31, 2016</b>                | <b>310,762,698</b>         | <b>\$ 37,172,937</b> | <b>50,048,240</b>     | <b>\$ 1,140,487</b> | <b>\$ 38,313,424</b> | <b>\$ 513,341</b>                   | <b>\$ 5,740,332</b>            | <b>\$ (16,313,227)</b> | <b>\$ 28,253,870</b>             |

*The accompanying notes are an integral part of these financial statements*

**Harte Gold Corp.**  
(An Exploration Stage Company)  
**Notes to the Condensed Financial Statements**  
**For the Three Months Ended March 31, 2016**  
(unaudited)

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**1. NATURE OF OPERATIONS**

Harte Gold Corp. (The “Company” or “Harte Gold”) was incorporated in Ontario on January 22, 1982 and is a reporting issuer in the Provinces of Ontario, Alberta and British Columbia. The common shares of the Company trade on the Toronto Stock Exchange under the symbol “HRT” and on the Frankfurt Stock Exchange under the symbol “H4O”. The head office and principal address of the Company is 8 King Street East, Suite 1700, Toronto, Ontario, M5C 1B5.

The Company is engaged in the acquisition, exploration and development of mineral resource properties with a focus on gold properties located in the Province of Ontario, Canada, and currently owns interests in two advanced exploration projects: the Sugar Zone Property, 60 km east of the Hemlo area gold mines, located on the north shore of Lake Superior and the Stoughton-Abitibi Property (formerly Stoughton-Porcupine), 110 km east of Timmins and 50 km north east of Kirkland Lake. Harte Gold has begun an Advanced Exploration and Bulk Sample program on its Sugar Zone Property to be completed by the end of 2016, and this will determine the recoverability and economics of its resource, and may result in the reclassification of these resources as reserves. On the basis of information to date, the Company has not yet identified a mineral resource on its Stoughton-Abitibi Property.

**2. BASIS OF PREPARATION**

**a) Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and IFRS Interpretations Committee (“IFRIC”) interpretations applicable to companies reporting under IFRS, including IAS 34, Interim Financial Reporting. Accordingly, certain information and disclosure normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed. These condensed interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2015, which were prepared in accordance with IFRS.

The management of Harte prepared these unaudited condensed interim financial statements, which were then reviewed by the Audit Committee and the Board of Directors. The unaudited condensed interim financial statements were authorized for issue by the Board of Directors on May 11, 2016.

**b) Continuation of Operations**

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of interests in mineral properties and the Company’s continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and noncompliance with regulatory and environmental requirements.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted are consistent with those of the Company’s financial statements for the year ended December 31, 2015.

**Harte Gold Corp.**  
 (An Exploration Stage Company)  
**Notes to the Condensed Financial Statements**  
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 (unaudited)

**4. CASH, CASH EQUIVALENTS AND RESTRICTED CASH**

Restricted cash of \$355,940 at March 31, 2016 (December 31, 2015 - \$355,940) is cash held by the Ontario Ministry of Northern Development and Mines ("MNDM") as assurance that the Company will complete its remediation obligations under the proposed Closure Plan in respect of the Advanced Exploration and Bulk Sample program.

**5. RECEIVABLES**

|                    | March 31,<br>2016 | December 31,<br>2015 |
|--------------------|-------------------|----------------------|
| GST/HST receivable | \$ 214,970        | \$ 473,815           |
| Other              | 1,043             | 15,233               |
|                    | <b>\$ 216,013</b> | <b>\$ 489,048</b>    |

**6. PROPERTY AND EQUIPMENT**

|                          | Office Equipment <sup>(1)</sup> |                 |                 | Site Vehicles <sup>(1)</sup> |                  |                  | TOTAL<br>NBV     |
|--------------------------|---------------------------------|-----------------|-----------------|------------------------------|------------------|------------------|------------------|
|                          | Cost                            | Amortization    | NBV             | Cost                         | Amortization     | NBV              |                  |
| <b>December 31, 2014</b> | <b>10,527</b>                   | <b>7,195</b>    | <b>3,332</b>    | <b>107,665</b>               | <b>64,760</b>    | <b>42,905</b>    | <b>46,237</b>    |
| Additions                | 1,503                           | 1,260           | 243             | -                            | 8,541            | (8,541)          | (8,298)          |
| <b>December 31, 2015</b> | <b>\$ 12,030</b>                | <b>\$ 8,455</b> | <b>\$ 3,575</b> | <b>\$ 107,665</b>            | <b>\$ 73,301</b> | <b>\$ 34,364</b> | <b>\$ 37,939</b> |
| Additions                | 751                             | 148             | 603             | -                            | 1,867            | (1,867)          | (1,264)          |
| <b>March 31, 2016</b>    | <b>\$ 12,781</b>                | <b>\$ 8,603</b> | <b>\$ 4,178</b> | <b>\$ 107,665</b>            | <b>\$ 75,168</b> | <b>\$ 32,497</b> | <b>\$ 36,675</b> |

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

**7. EXPLORATION AND EVALUATION EXPENDITURES**

**Sugar Zone Property, Hemlo Gold Area**

The Sugar Zone Property consists of approximately 29,435 hectares within the Sault Ste. Marie Mining Division located in Ontario. The Sugar Zone Property includes 4 mining leases (1,467 hectares) and 336 unpatented mining claims (27,968 hectares), and the Company holds a 100% interest in all of these.

Certain of these claims and leases are subject to net smelter royalties ("NSR") ranging from 3.0% to 3.5% in favour of the original vendors of the properties which can be reduced by 1.5% upon payments of up to \$3.0 million.



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**For the Three Months Ended March 31, 2016**  
 (unaudited)

**7. EXPLORATION AND EVALUATION EXPENDITURES cont'd**

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

|   | <b>March 31,</b>     | December 31,  |
|---|----------------------|---------------|
|   | <b>2016</b>          | 2015          |
| <b>Opening Balance</b>                          | <b>\$ 29,397,307</b> | \$ 23,769,300 |
| Expenditures incurred during the year           |                      |               |
| Acquisition costs                               | 8,221                | 54,180        |
| Environmental Rehabilitation Provision (note 9) | -                    | 347,953       |
| Bulk Sample                                     | 4,480,132            | 2,684,612     |
| Drilling  | -                    | 623,852       |
| Assays  | 32,797               | 62,005        |
| Camp costs                                      | 22,082               | 75,701        |
| Direct management/employees                     | 196,866              | 493,809       |
| Site access                                     | 381                  | 860,149       |
| Consultants                                     | 27,531               | 246,595       |
| Stock-based compensation (note 12)              | 80,916               | 149,449       |
| Amortization of vehicles (note 6)               | 1,866                | 9,440         |
| Other costs                                     | 24,223               | 20,262        |
| <b>Total for this year</b>                      | <b>4,875,015</b>     | 5,628,007     |
| <b>Closing Balance</b>                          | <b>\$ 34,272,322</b> | \$ 29,397,307 |

**Stoughton-Abitibi Property, Timmins Porcupine Gold Area**

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

In 2009, the Company concluded that it should prioritize the Sugar Zone Property and recorded an impairment provision of \$2,756,133 against the Stoughton-Abitibi Property. A small exploration program was conducted in 2013, but this led to no changes in the known mineralization on the property and an impairment provision of \$66,842 was recorded in respect of the exploration expenditures incurred on the Stoughton-Abitibi Property during 2013. No significant exploration work was completed during 2014. In 2015, additional exploration expenditures of \$39,315 were incurred and an impairment provision was recorded in respect of these. In view of the current poor investment climate for mining exploration properties on which no indications of resources exist, management have concluded that it would be too speculative to estimate a recoverable amount for the Stoughton-Abitibi Property in excess of \$nil at March 31, 2016.

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 (unaudited)

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|   | March 31, 2016      | December 31, 2015   |
|---|---------------------|---------------------|
| Accounts Payable                                      | \$ 4,606,503        | \$ 1,469,592        |
| Accrued Liabilities                                   |                     |                     |
| Audit   | 17,500              | 30,000              |
| Other   | -                   | 274,817             |
| <b>Total accounts payable and accrued liabilities</b> | <b>\$ 4,624,003</b> | <b>\$ 1,774,409</b> |

**9. ENVIRONMENTAL REHABILITATION PROVISION**

Pursuant to the Advanced Exploration and Bulk Sample Closure Plan, the Company is obligated to rehabilitate the Sugar Zone site on completion of the work. The cost of such rehabilitation work was estimated at an amount of \$347,953 at the time the Closure Plan was approved, and cash in such amount was deposited with the MNDM (see Note 4). The rehabilitation work relates to surface disturbances and openings, all of which development took place during the fourth quarter of 2015. Accordingly, the full amount of the rehabilitation liability was recorded in the fourth quarter of 2015. The Advanced Exploration and Bulk Sample is expected to be completed in the first quarter of 2017, and the environmental rehabilitation work would have to commence at that time. It should be noted that should a decision be made to undertake commercial production, this rehabilitation work will be deferred until the end of the mine life and incorporated as part of the overall life of mine environmental rehabilitation provision.

|   |           |                |
|---|-----------|----------------|
| Environmental Rehabilitation Provision at January 1, 2016       | \$        | 347,953        |
| Rehabilitation liability arising during the period              |           | -              |
| <b>Environmental Rehabilitation Provision at March 31, 2016</b> | <b>\$</b> | <b>347,953</b> |

**10. SECURED NOTES**

In March 2016, the Company completed a non-brokered private placement of \$2,500,000 Secured Notes (the "Notes"). The Notes bear interest at a rate of 15% per annum, payable quarterly in arrears. Principal is repayable on the second anniversary (March 31, 2018), with accelerated redemption options. The Notes are secured by a charge on the mining leases and unpatented mining claims of the Sugar Zone Property. In connection with the Notes, the Company issued 4 warrants per \$1.00 principal amount of the Notes (10,000,000 warrants in total). Each warrant is exercisable into one common share of the Corporation on payment of \$0.15 on or before the date that is twenty-four (24) months from Closing, provided that should the closing price of the common shares of the Corporation on the Toronto Stock Exchange be equal to or greater than \$0.20 for a period of 10 consecutive trading days any time after the Closing Date, the Corporation may accelerate the Expiry Date of the Warrants by giving notice to the holders thereof through the issuance of a press release by the Corporation and in such case, the Warrants will expire on the 30<sup>th</sup> day after the date on which such notice is given by the Corporation. In connection with the placement of the Notes, the Company paid finders fees of \$72,750 cash and 291,000 warrants. Each finders warrant is exercisable for a period of 24 months from closing at a price of \$0.15 per common share.

The Notes have been accounted for as a compound financial instrument. The amount allocated to the liability component (\$2,042,949) has been determined using the effective interest method and the balance has been allocated to the warrants (\$384,301). Going forward, there will be an accretion of the liability amount recorded so that the balance outstanding will be \$2,500,000 on maturity, March 31, 2018. Accretion will result in additional non-cash interest expense recorded in future periods.

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**Notes to the Condensed Financial Statements**  
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 (unaudited)

**11. FLOW-THROUGH SHARE PREMIUM**

Flow-through liabilities include the deferred premium portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through issues.

|  |                  |
|--|------------------|
| <b>Balance on December 31, 2014</b>                                    | <b>\$ 56,673</b> |
| Settlement of liability through renouncement in<br>Q1 2015             | (56,673)         |
| Liability incurred on flow-through shares issued<br>September 21, 2015 | 65,167           |
| Settlement of liability through renouncement in<br>Q4 2015             | (65,167)         |
| Liability incurred on flow-through shares issued<br>December 4, 2015   | 55,880           |
| December 17, 2015  | 4,120            |
| <b>Balance on December 31, 2015</b>                                    | <b>\$ 60,000</b> |
| Settlement of liability through renouncement in<br>Q1 2016             | (60,000)         |
| Liability incurred on flow-through shares issued<br>March 31, 2016     | 65,000           |
| <b>Balance on March 31, 2016</b>                                       | <b>\$ 65,000</b> |

On September 21, 2015, the Company completed an initial closing of a non-brokered private placement financing of 6,516,666 flow-through units at a price of \$0.06 per unit for gross proceeds of \$391,000. Each unit consists of one flow-through common share and one-quarter common share purchase warrant. Each full warrant is exercisable at \$0.15 per common share for a period of 18 months from closing, subject to an acceleration clause on 30 days' notice should the Company's common shares trade at \$0.20 or higher for a period of 10 consecutive trading days. A flow-through share premium of \$65,167 was recorded on this financing. As of March 31, 2016, all funds had been spent.

On September 30, 2015, the Company completed a second closing of a non-brokered private placement financing of 4,416,667 flow-through units at a price of \$0.06 per unit for gross proceeds of \$265,000. Each unit consists of one flow-through common share and one-quarter common share purchase warrant. Each full warrant is exercisable at \$0.15 per common share for a period of 18 months from closing, subject to an acceleration clause on 30 days' notice should the Company's common shares trade at \$0.20 or higher for a period of 10 consecutive trading days. A flow-through share premium of \$nil was recorded on this financing. As of March 31, 2016, all funds had been spent.

On October 14, 2015, Harte Gold completed its third closing of a non-brokered private placement financing of 4,066,666 flow-through units at a price of \$0.06 per unit for gross proceeds of \$244,000. Each unit consists of one flow-through common share and one-quarter common share purchase warrant. Each full warrant is exercisable at \$0.15 per common share for a period of 18 months from closing, subject to an acceleration clause on 30 days' notice should the Company's common shares trade at \$0.20 or higher for a period of 10 consecutive trading days. A flow-through share premium of \$nil was recorded on this financing. As of March 31, 2016, all funds had been spent.

On December 4, 2015, Harte Gold completed its first closing of a non-brokered private placement financing of 5,588,000 flow-through units at a price of \$0.10 per unit for gross proceeds of \$558,800. Each unit consists of one flow-through common share and one-half common share purchase warrant. Each full warrant is exercisable at \$0.15 per common share for a period of 24 months from closing, subject to an acceleration clause on 30 days' notice should the Company's common shares trade at \$0.20 or higher for a period of 10 consecutive trading days. A flow-through share premium of \$55,880 was recorded on this financing. As of March 31, 2016, all funds had been spent.

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**11. FLOW-THROUGH SHARE PREMIUM cont'd**

On December 17, 2015, Harte Gold completed its second closing of a non-brokered private placement financing of 412,000 flow-through units at a price of \$0.10 per unit for gross proceeds of \$41,200. Each unit consists of one flow-through common share and one-half common share purchase warrant. Each full warrant is exercisable at \$0.15 per common share for a period of 24 months from closing, subject to an acceleration clause on 30 days' notice should the Company's common shares trade at \$0.20 or higher for a period of 10 consecutive trading days. A flow-through share premium of \$4,120 was recorded on this financing. As of March 31, 2016, all funds had been spent.

On March 31, 2016, Harte Gold completed its first closing of a non-brokered private placement financing of 3,250,000 flow-through units at a price of \$0.20 per unit for gross proceeds of \$650,000. Each unit consists of one flow-through common share and one-half common share purchase warrant. Each full warrant is exercisable at \$0.25 per common share for a period of 24 months from closing, subject to an acceleration clause on 30 days' notice should the Company's common shares trade at \$0.30 or higher for a period of 10 consecutive trading days. No flow-through share premium was recorded on this financing. As of March 31, 2016, none of the funds had been spent.

**12. CAPITAL STOCK**

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

Number of shares issued and outstanding.

The issued and outstanding common shares are as follows:

|   | March 31,<br>2016  | December 31,<br>2015 |
|---|--------------------|----------------------|
| <b>Balance beginning of period</b>                | <b>306,354,364</b> | <b>247,240,532</b>   |
| Private placement of units                        | -                  | 38,000,000           |
| Private placement of flow-through units (note 11) | 3,250,000          | 20,999,999           |
| Options exercised                                 | 100,000            | -                    |
| Warrants exercised                                | 1,058,334          | 113,833              |
| <b>Balance end of period</b>                      | <b>310,762,698</b> | <b>306,354,364</b>   |

On January 23, 2015, Harte Gold completed the final tranche of its previously announced non-brokered private placement financing with the issuance of 5,000,000 units at \$0.05 per unit for gross proceeds of \$250,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable at \$0.15 per common share for a period of 18 months from closing, subject to an acceleration clause on 30 days notice should the Company's common shares trade at \$0.20 or higher for a period of 10 consecutive trading days.

On January 23, 2015, Harte Gold completed an initial closing of a non-brokered private placement financing of 4,501,667 units at \$0.06 per unit for gross proceeds of \$270,100. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable at \$0.15 per common share for a period of 18 months from closing, subject to an acceleration clause on 30 days notice should the Company's common shares trade at \$0.20 or higher for a period of 10 consecutive trading days.

On January 28, 2015, Harte Gold completed the final closing of a non-brokered private placement financing of 498,333 units at \$0.06 per unit for gross proceeds of \$29,900. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable at \$0.15 per common share for a period of 18 months from closing, subject to an acceleration clause on 30 days notice should the Company's common shares trade at \$0.20 or higher for a period of 10 consecutive trading days.

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**12. CAPITAL STOCK cont'd**

On September 21, 2015, Harte Gold completed an initial closing of a non-brokered private placement financing of 6,134,000 units at \$0.05 per unit for gross proceeds of \$306,700. Each unit consists of one common share and one half common share purchase warrant. Each warrant is exercisable at \$0.15 per common share for a period of 18 months from closing, subject to an acceleration clause on 30 days' notice should the Company's common shares trade at \$0.20 or higher for a period of 10 consecutive trading days.

On September 30, 2015, Harte Gold completed a second closing of a non-brokered private placement financing of 200,000 units at \$0.05 per unit for gross proceeds of \$10,000. Each unit consists of one common share and one half common share purchase warrant. Each warrant is exercisable at \$0.15 per common share for a period of 18 months from closing, subject to an acceleration clause on 30 days' notice should the Company's common shares trade at \$0.20 or higher for a period of 10 consecutive trading days.

On October 14, 2015, Harte Gold completed a third closing of a non-brokered private placement financing of 21,666,000 units at \$0.05 per unit for gross proceeds of \$1,083,300. Each unit consists of one common share and one half common share purchase warrant. Each full warrant is exercisable at \$0.15 per common share for a period of 18 months from closing, subject to an acceleration clause on 30 days' notice should the Company's common shares trade at \$0.20 or higher for a period of 10 consecutive trading days.

**13. STOCK OPTION PLAN**

The Company has established a stock option plan to provide additional incentives to officers, directors, employees and consultants in their efforts on behalf of the Company in the conduct of its affairs. The terms of the stock option plan provide that the directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant. The number of shares reserved for issuance is not to exceed 10% of the issued and outstanding common shares from time-to-time. At March 31, 2016, the Company had 7,156,270 (December 31, 2015 – 6,835,436) common shares available for granting of future options.

Under the terms of the plan, options vest immediately unless otherwise determined by the Board, and expire on the fifth anniversary from the date of issue unless otherwise specified. As at March 31, 2016, a total of 23,920,000 (December 31, 2015, 23,800,000) options were outstanding under the stock option plan.

|                                 | March 31, 2016                     |                      | December 31, 2015                  |                      |
|---------------------------------|------------------------------------|----------------------|------------------------------------|----------------------|
|                                 | Weighted Average<br>Exercise Price | Number<br>of Options | Weighted Average<br>Exercise Price | Number<br>of Options |
| Outstanding beginning of year   | \$ 0.14                            | 23,800,000           | \$ 0.18                            | 21,450,000           |
| Transactions during the period: |                                    |                      |                                    |                      |
| Granted                         | \$ 0.175                           | 1,200,000            | \$ 0.10                            | 12,440,000           |
| Exercised                       | \$ (0.10)                          | (100,000)            |                                    |                      |
| Cancelled                       | \$ (0.30)                          | (200,000)            |                                    |                      |
| Expired                         | \$ (0.47)                          | (780,000)            | \$ (0.20)                          | (10,090,000)         |
| Outstanding at end of year      | \$ 0.12                            | 23,920,000           | \$ 0.14                            | 23,800,000           |
| Exercisable at end of year      | \$ 0.12                            | 22,020,000           | \$ 0.14                            | 22,850,000           |

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**13. STOCK OPTION PLAN cont'd**

The following table provides additional information regarding stock options outstanding at March 31, 2016.

| Expiry Date       | Exercise price | Weighted average<br>remaining<br>contractual life<br>(years) | Number of<br>options<br>outstanding | Number of options<br>vested<br>(exercisable) |
|-------------------|----------------|--|-------------------------------------|--|
| November 13, 2016 | \$0.50         | 0.62   | 150,000                             | 150,000                                      |
| May 3, 2017       | \$0.30         | 1.09   | 130,000                             | 130,000                                      |
| May 28, 2017      | \$0.35         | 1.16   | 250,000                             | 100,000 <sup>(2)</sup>                       |
| June 20, 2017     | \$0.30         | 1.22   | 2,450,000                           | 2,450,000                                    |
| April 25, 2019    | \$0.10         | 3.07   | 6,990,000                           | 6,990,000                                    |
| May 9, 2019       | \$0.15         | 3.11   | 150,000                             | 150,000                                      |
| July 31, 2019     | \$0.30         | 3.33   | 160,000                             | 160,000                                      |
| October 14, 2020  | \$0.10         | 4.54   | 11,840,000                          | 11,540,000 <sup>(5)</sup>                    |
| November 9, 2020  | \$0.10         | 4.61   | 600,000                             | 350,000 <sup>(6)</sup>                       |
| March 22, 2021    | \$0.10         | 4.98   | 1,200,000                           | 870,000 <sup>(1)</sup>                       |
|                   | <b>\$0.12</b>  | <b>3.45</b>  | <b>23,920,000</b>                   | <b>22,020,000</b>                            |

**Stock-based Compensation**

The following table summarizes assumptions used with the Black-Scholes valuation model for the determination of stock-based compensation costs for stock options issued during the year ended December 31, 2015 and the three months ended March 31, 2016:

| Grant date                           | 14-Oct-15  | 9-Nov-15  | 22-Mar-16  |
|--------------------------------------|------------|-----------|------------|
| Number of options                    | 11,840,000 | 600,000   | 1,200,000  |
| Share price                          | \$ 0.07    | \$ 0.09   | \$ 0.175   |
| Exercise price                       | \$ 0.10    | \$ 0.10   | \$ 0.175   |
| Expected life in years               | 5          | 5         | 5          |
| Volatility <sup>(3)</sup>            | 85.88%     | 86.44%    | 93.83%     |
| Risk-free interest rate              | 1.16%      | 1.46%     | 0.65%      |
| Dividend yield                       | 0.00%      | 0.00%     | 0.00%      |
| Fair value per option <sup>(4)</sup> | \$ 0.043   | \$ 0.059  | \$ 0.124   |
| Fair value assigned to options       | \$ 506,523 | \$ 35,681 | \$ 149,226 |

<sup>1</sup> 330,000 options of these options vest over time based on the occurrence of certain future events. 500,000 of these options were issued as a result of an extension of non-vested options previously expired.

<sup>2</sup> 100,000 of these options were vested as of December 31, 2014; 150,000 of these options vest based on the occurrence of certain future events, if these options are not exercised by May 28, 2017, they will be extended for a further 5 year term

<sup>3</sup> Volatility is determined based on historical share prices

<sup>4</sup> Where options have been granted in which vesting is conditional upon future events, the fair value has been estimated taking into account the probability and timing of meeting those future events, and the fair value is recognized based on these probabilities.

<sup>5</sup> 300,000 of these options vest over time based on the occurrence of certain future events.

<sup>6</sup> 250,000 of these options vest over time based on the occurrence of certain future events.

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**14. WARRANTS**

As at March 31, 2016, there were 50,048,240 (December 31, 2015 – 44,403,956) warrants to purchase common shares outstanding. Warrants expire as follows:

|                                     | Exercise Price | Warrants          | Expiry date       |
|-------------------------------------|----------------|-------------------|-------------------|
| <b>Balance at December 31, 2014</b> |                | <b>35,869,188</b> |                   |
| Expired                             |                | (23,961,700)      |                   |
| Exercised                           |                | (113,833)         |                   |
| Issued                              | \$ 0.15        | 9,501,667         | July 23, 2016     |
| Issued for finder's fee             | \$ 0.06        | 220,000           | July 23, 2016     |
| Issued for finder's fee             | \$ 0.08        | 184,250           | July 23, 2016     |
| Issued                              | \$ 0.15        | 498,333           | July 28, 2016     |
| Issued for finder's fee             | \$ 0.08        | 24,250            | July 28, 2016     |
| Issued                              | \$ 0.15        | 4,696,167         | March 21, 2017    |
| Issued for finder's fee             | \$ 0.06        | 142,000           | March 21, 2017    |
| Issued                              | \$ 0.15        | 1,204,167         | March 30, 2017    |
| Issued for finder's fee             | \$ 0.06        | 265,000           | March 30, 2017    |
| Issued                              | \$ 0.15        | 11,849,667        | April 14, 2017    |
| Issued for finder's fee             | \$ 0.06        | 683,560           | April 14, 2017    |
| Issued                              | \$ 0.15        | 2,794,000         | December 4, 2017  |
| Issued for finder's fee             | \$ 0.10        | 335,280           | December 4, 2017  |
| Issued                              | \$ 0.15        | 206,000           | December 17, 2017 |
| Issued for finder's fee             | \$ 0.10        | 6,000             | December 17, 2017 |
| <b>Balance at December 31, 2015</b> |                | <b>44,403,996</b> |                   |
| Expired                             |                | (5,408,422)       |                   |
| Exercised                           |                | (1,058,334)       |                   |
| Issued on secured notes             | \$ 0.15        | 10,291,000        | March 22, 2018    |
| Issued                              | \$ 0.25        | 1,625,000         | March 31, 2018    |
| Issued for finder's fee             | \$ 0.22        | 195,000           | March 31, 2018    |
| <b>Balance at March 31, 2016</b>    |                | <b>50,048,240</b> |                   |

The weighted average share price on the date of exercise was \$0.205 (2015 - \$0.055).

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**14. WARRANTS cont'd**

The following tables summarize assumptions used with the Black-Scholes valuation model for the determination of the value allocated to the warrants issued as part of the unit financings during the years ended December 31, 2015 and the three months ended March 31, 2016:

| <b>Issue date</b>                        | <b>23-Jan-15</b> | <b>23-Jan-15</b>     | <b>23-Jan-15</b>     | <b>28-Jan-15</b>    | <b>28-Jan-15</b> |
|--|------------------|----------------------|----------------------|---------------------|------------------|
| Number of warrants                       | 9,501,667        | 220,000 <sup>1</sup> | 184,250 <sup>1</sup> | 24,250 <sup>1</sup> | 498,333          |
| Share price                              | \$ 0.07          | \$ 0.07              | \$ 0.07              | \$ 0.05             | \$ 0.05          |
| Exercise price                           | \$ 0.15          | \$ 0.06              | \$ 0.08              | \$ 0.08             | \$ 0.15          |
| Expected life in years                   | 1.5              | 1.5                  | 1.5                  | 1.5                 | 1.5              |
| Volatility <sup>(2)</sup>                | 107.95%          | 107.95%              | 107.95%              | 111.03%             | 111.03%          |
| Risk-free interest rate                  | 0.56%            | 0.56%                | 0.56%                | 0.46%               | 0.46%            |
| Dividend yield                           | 0%               | 0%                   | 0%                   | 0%                  | 0%               |
| Fair value per warrant                   | \$ 0.0213        | \$ 0.0373            | \$ 0.0322            | \$ 0.0194           | \$ 0.0123        |
| Fair value of warrants issued            | \$ 202,411       | \$ 8,201             | \$ 5,927             | \$ 471              | \$ 6,112         |
| Relative fair value assigned to warrants | \$ 121,349       | \$ -                 | \$ -                 | \$ -                | \$ 5,890         |

| <b>Issue date</b>                        | <b>21-Sep-15</b> | <b>21-Sep-15</b>     | <b>30-Sep-15</b> | <b>30-Sep-15</b>     | <b>14-Oct-15</b> |
|--|------------------|----------------------|------------------|----------------------|------------------|
| Number of warrants                       | 4,696,167        | 142,000 <sup>1</sup> | 1,204,167        | 265,000 <sup>1</sup> | 11,849,667       |
| Share price                              | \$ 0.05          | \$ 0.05              | \$ 0.06          | \$ 0.06              | \$ 0.07          |
| Exercise price                           | \$ 0.15          | \$ 0.06              | \$ 0.15          | \$ 0.06              | \$ 0.15          |
| Expected life in years                   | 1.5              | 1.5                  | 1.5              | 1.5                  | 1.5              |
| Volatility <sup>(2)</sup>                | 104.44%          | 104.44%              | 105.48%          | 105.48%              | 105.97%          |
| Risk-free interest rate                  | 0.53%            | 0.53%                | 0.52%            | 0.52%                | 0.52%            |
| Dividend yield                           | 0%               | 0%                   | 0%               | 0%                   | 0%               |
| Fair value per warrant                   | \$ 0.0107        | \$ 0.0216            | \$ 0.0154        | \$ 0.0290            | \$ 0.0206        |
| Fair value of warrants issued            | \$ 50,191        | \$ 3,067             | \$ 18,587        | \$ 7,691             | \$ 244,325       |
| Relative fair value assigned to warrants | \$ 46,501        | \$ -                 | \$ 17,292        | \$ -                 | \$ 158,531       |

| <b>Issue date</b>                        | <b>14-Oct-15</b>     | <b>04-Dec-15</b> | <b>04-Dec-15</b>     | <b>17-Dec-15</b> | <b>17-Dec-15</b>   |
|--|----------------------|------------------|----------------------|------------------|--------------------|
| Number of warrants                       | 683,560 <sup>1</sup> | 2,794,000        | 335,280 <sup>1</sup> | 206,000          | 6,000 <sup>1</sup> |
| Share price                              | \$ 0.07              | \$ 0.09          | \$ 0.09              | \$ 0.09          | \$ 0.09            |
| Exercise price                           | \$ 0.06              | \$ 0.15          | \$ 0.10              | \$ 0.15          | \$ 0.10            |
| Expected life in years                   | 1.5                  | 2.0              | 2.0                  | 2.0              | 2.0                |
| Volatility <sup>(2)</sup>                | 105.97%              | 100.23%          | 100.23%              | 99.06%           | 99.06%             |
| Risk-free interest rate                  | 0.52%                | 0.52%            | 0.62%                | 0.52%            | 0.52%              |
| Dividend yield                           | 0%                   | 0%               | 0%                   | 0%               | 0%                 |
| Fair value per warrant                   | \$ 0.0368            | \$ 0.0361        | \$ 0.0449            | \$ 0.0355        | \$ 0.0444          |
| Fair value of warrants issued            | \$ 25,132            | \$ 100,991       | \$ 15,063            | \$ 7,323         | \$ 266             |
| Relative fair value assigned to warrants | \$ -                 | \$ 93,447        | \$ -                 | \$ 6,795         | \$ -               |



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**14. WARRANTS cont'd**

| Issue date                               | 22-Mar-16    | 31-Mar-16  | 31-Mar-16 |
|--|--------------|------------|-----------|
| Number of warrants                       | 10,291,000   | 1,625,000  | 195,000   |
| Share price                              | \$ 0.175     | \$ 0.18    | \$ 0.18   |
| Exercise price                           | \$ 0.15      | \$ 0.25    | \$ 0.22   |
| Expected life in years                   | 2.0          | 2.0        | 2.0       |
| Volatility <sup>(2)</sup>                | 117.92%      | 117.92%    | 117.92%   |
| Risk-free interest rate                  | 0.54%        | 0.54%      | 0.54%     |
| Dividend yield                           | 0%           | 0%         | 0%        |
| Fair value per warrant                   | \$ 0.1100    | \$ 0.0954  | \$ 0.1002 |
| Fair value of warrants issued            | \$ 1,132,010 | \$ 155,024 | \$ 19,540 |
| Relative fair value assigned to warrants | \$ 384,301   | \$ 136,165 | \$ -      |

<sup>1</sup> In the absence of a reliable measure of the services received, the services have been measured at the fair value of the finder's warrants issued.

<sup>2</sup> Volatility is determined based on historical share prices.

The expiry dates of warrants outstanding as of March 31, 2016 are as follows:

| Expiry date       | Number of<br>warrants<br>outstanding | Exercise<br>price | Weighted average<br>remaining contractual<br>life (years) |
|-------------------|--------------------------------------|-------------------|---|
| June 23, 2016     | 5,203,999                            | \$ 0.15           | 0.23  |
| June 23, 2016     | 447,900                              | \$ 0.06           | 0.23  |
| June 30, 2016     | 225,000                              | \$ 0.15           | 0.25  |
| July 23, 2016     | 8,951,667                            | \$ 0.15           | 0.31  |
| July 23, 2016     | 220,000                              | \$ 0.06           | 0.31  |
| July 23, 2016     | 184,250                              | \$ 0.08           | 0.31  |
| July 28, 2016     | 498,333                              | \$ 0.15           | 0.33  |
| July 28, 2016     | 24,250                               | \$ 0.08           | 0.33  |
| March 21, 2017    | 4,696,167                            | \$ 0.15           | 0.97  |
| March 21, 2017    | 142,000                              | \$ 0.06           | 0.97  |
| March 30, 2017    | 1,204,167                            | \$ 0.15           | 1.00  |
| March 30, 2017    | 265,000                              | \$ 0.06           | 1.00  |
| April 14, 2017    | 11,849,667                           | \$ 0.15           | 1.04  |
| April 14, 2017    | 683,560                              | \$ 0.06           | 1.04  |
| December 4, 2017  | 2,794,000                            | \$ 0.15           | 1.68  |
| December 4, 2017  | 335,280                              | \$ 0.10           | 1.68  |
| December 17, 2017 | 206,000                              | \$ 0.15           | 1.72  |
| December 17, 2017 | 6,000                                | \$ 0.10           | 1.72  |
| March 22, 2018    | 10,291,000                           | \$ 0.15           | 1.98  |
| March 31, 2018    | 1,625,000                            | \$ 0.25           | 2.00  |
| March 31, 2018    | 195,000                              | \$ 0.22           | 2.00  |
|                   | <b>50,048,240</b>                    | <b>\$ 0.13</b>    | <b>1.06</b>   |

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**15. OTHER RESERVES**

|  | 31-Mar-16           | 31-Dec-15    |
|--|---------------------|--------------|
| <b>Balance beginning of period</b>         | <b>\$ 5,423,923</b> | \$ 4,216,209 |
| Stock-based compensation expense (note 12) | 124,440             | 528,058      |
| Fair value assigned to expired warrants    | 191,969             | 679,656      |
| <b>Balance end of period</b>               | <b>\$ 5,740,332</b> | \$ 5,423,923 |

**16. LOSS PER SHARE**

The calculation of the basic earnings per share for the three months ended March 31, 2016 was based on the loss attributable to common shareholders of \$294,542 (loss for the three months ended March 31, 2015 - \$160,223) and a weighted average number of common shares outstanding of 306,493,375 (March 31, 2015 – 254,658,691).

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

Loss for the three months ended March 31, 2016 divided by weighted average number of common shares outstanding is equal to \$0.001 per share.

|                    |             |
|--------------------|-------------|
| Numerator          | \$(294,542) |
| Denominator        | 306,493,375 |
| Earnings per share | \$0.001     |

**17. RELATED PARTY TRANSACTIONS**

Balances and transactions with related parties as at and in the three months ended March 31, 2016 were as follows:

| <b>For period ended March 31, 2016</b> | <b>Amount charged</b> | <b>Outstanding balance</b> |
|--|-----------------------|----------------------------|
| Silvermet Inc.                         | \$ 20,675             | \$ -                       |
| Global Atomic Fuels Corporation        | 456                   | (13,735)                   |

Amounts due to or from related parties are unsecured, non-interest bearing and due on demand. These are settled on a regular basis. Transactions with related parties were in the normal course of operations and were measured at the same value as if the transactions had occurred with non-related parties.

For the period ended March 31, 2016, the Company paid key management personnel, including officers, directors or their related entities for consulting services and/or management services, as follows:

|  | March 31,<br>2016 | December 31,<br>2015 |
|--|-------------------|----------------------|
| Management and consulting fees   | \$ 174,000        | \$ 290,000           |
| Consulting fees included in exploration<br>and evaluation expenditures | 45,000            | 100,000              |
| Stock based compensation   |                   |                      |
| - expensed to the Statement of Operations and Comprehensive Loss       | -                 | 295,186              |
| - capitalized to exploration and evaluation expenditures               | -                 | 85,561               |

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**18. COMMITMENTS**

During 2015, the Company entered a contract with Technica Group Inc. ("Technica") to complete the Advanced Exploration and Bulk Sample work on a contract basis. The total amount of the Technica contract is based on a budgeted cost amount of \$13,938,157 ("Budget Amount"), which is invoiced to Harte Gold as the work is completed, plus a 20% contractor fee (\$2,787,631). As of March 31, 2016, \$5,133,413 of the Budget Amount had been invoiced under the contract. Based on the current work schedule, the Company expects the Advanced Exploration and Bulk Sample work to be completed by the fourth quarter 2016, with final work and billing to be completed by Technica shortly thereafter. The contractor fee payment is deferred and payable after completion of the Advanced Exploration and Bulk Sample work. Half of the contractor fee is payable in cash and half in common shares of the Company, to be priced at the market price at the time. Technica has the option to elect that the full amount of the fee be paid in common shares of the Company. Accordingly, the Company has accrued the contractor fee earned through March 31, 2016 in the amount of \$1,026,682, with 50% recorded as a long-term liability and 50% recorded as shares to be issued. Under the terms of the Technica contract, Harte Gold must also reimburse Technica for cost over-runs up to a maximum of \$696,908 (5% of the Budget Amount). Should Technica's costs be lower than the Budget Amount, the savings are shared equally between Harte Gold and Technica.

In accordance with a 2010 agreement, the Company has acquired a 100% interest in 3 claims known as the Halverson claims, which are subject to a 3% net smelter royalty. The Company must make 5 annual royalty prepayments of \$20,000 for the 5 years ended June 28, 2019 (the first \$20,000 was paid during 2015). If an economically viable deposit is found within that period, these payments (\$100,000 cumulatively) are deemed to be a prepayment of royalties. Otherwise, the royalty obligation is cancelled on completion of the 5 payments.

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

In connection with the issuance of flow-through shares and the related renouncement of exploration expenditures, the Company commits to spend such funds on eligible exploration expenditures (see note 9).

**19. CONTINGENCY PROVISIONS**

Pursuant to a 2009 audit by the Canada Revenue Agency ("CRA") of 2003 exploration expenses, current management conducted a review of expenditures incurred and filings made in respect of flow-through share issuances during the period 2003 – 2008. This review uncovered issues related to the use of flow-through funds, timing of expenditures and other related compliance matters. The Company subsequently filed the required documents with CRA related to the issuance of flow-through common shares during this period. During the three months ended March 31, 2016, the Company received no CRA assessment notice in respect of the Part XII.6 interest and penalties (\$nil during the year ended December 31, 2015). The Company estimates that the remaining provision of \$103,817 is sufficient for any additional reimbursements that may be required.

The Company has filed a claim against former directors and officers of the Company that were retained, employed or otherwise engaged by the Company during the relevant period, for damages of \$750,000 relating to CRA liabilities and indemnity of \$750,000 for any amounts that have been or may need to be reimbursed to investors. Any recovery by the Company is very uncertain so no amount has been included in the financial statements for any such potential recovery.

**20. SUBSEQUENT EVENTS**

In April 2016, Harte Gold completed its final closings of a non-brokered private placement financing of 6,750,000 flow-through units at a price of \$0.20 per unit for gross proceeds of \$1,350,000. Each unit consists of one flow-through common share and one-half common share purchase warrant. Each full warrant is exercisable at \$0.25 per common share for a period of 24 months from closing, subject to an acceleration clause on 30 days' notice should the Company's common shares trade at \$0.30 or higher for a period of 10 consecutive trading days.