HARTE GOLD CORP.
Management's Discussion and Analysis of Financial Condition and Results of Operations
for the 13 months ended December 31, 2010

This Management's Discussion and Analysis ("MD&A") is written as of March 30, 2011 and is Management's assessment of the operations and the financial results together with future prospects of Harte Gold Corp. ("Harte", "Corporation", or the "Company"). This MD&A should be read in conjunction with our audited consolidated financial statements and related notes for the 13 months ended December 31, 2010 and the year ended November 30, 2009, prepared in accordance with Canadian generally accepted accounting principles. All figures are in Canadian dollars unless stated otherwise. This discussion contains forward-looking statements that are not historical in nature and involve risks and uncertainties. Forward-looking statements are not guarantees as to Harte's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements. The Company has adopted National Instrument 51-102F1 as the guideline in presenting the MD&A. Additional information regarding the Company's activities can be found on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward-Looking Statements

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry, including operational risks in exploration, development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health, safety and environmental risks, the risk of commodity price and foreign exchange rate fluctuations, the ability of Harte to fund the capital and operating expenses necessary to achieve the business objectives of Harte, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves or resources described may be profitably produced in the future.

Readers are cautioned that the foregoing list of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

Description of Business

Harte is involved in the acquisition, exploration and development of mineral resource properties, with a current focus on gold properties located in the Province of Ontario, Canada.

The Company was incorporated in Ontario on January 22, 1982 and is a reporting issuer in the Provinces of Ontario, Alberta and British Columbia. The common shares of the Company are listed for trading on the TSX Venture Exchange under the symbol "HRT" and on the Frankfurt Stock Exchange under the symbol "H4O".

The Company currently has interests in two advanced exploration projects: the first is the Sugar Zone Property, 60 km east of the Hemlo area gold mines, located on the north shore of Lake Superior in the Province of Ontario and the second property, Stoughton-Abitibi (formerly Stoughton-Porcupine), is located 110 km east of Timmins and 50 km north east of Kirkland Lake, Ontario.

Exploration Update – Sugar Zone Property

The Sugar Zone Property consists of 412 (2009-326) contiguous claims within the Sault Ste. Marie Mining Division located in Ontario, approximately 60 km east of the Hemlo area gold mines, 25 km north of White River off the Trans-Canada Highway (#17). The 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.

The Company presently owns a 49% interest in 326 of the claims. The other 51% is owned by Corona Gold Corporation ("Corona") subject to an option in favour of Harte to acquire the balance. Of these, 288 claims are subject to a 3.5% net smelter royalty ("NSR"), which can be reduced to 2% through the payment of $1.5 million.

During the year, the Company acquired another option on 3 adjacent claims that are subject to a 3% NSR that can be reduced to 1.5% upon payment of $1.5 million.

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

The Sugar Zone contains an NI 43-101 compliant indicated resource of 302,000 ounces of gold grading 8.41 grams / tonne and an inferred resource of 95,000 ounces of gold grading 7.13 grams / tonne, as described in detail in the NI 43-101 Report dated September 28, 2010 and available for review on Sedar (www.sedar.com) and the Harte web site (www.hartegold.com). The current resource reflects an increase in the number of contained ounces and an upgrade from the inferred to the indicated categories of the majority of the resource. This increase is based on the results of a 2,000 meter drill program conducted in March and April 2010 which consisted of in-fill drilling and tested extensions at depth and along strike.

Exploration on the Sugar Zone Property from August to December 2010 was focused on the Wolf Zone (formerly known as the "New Zone") – an area located 1.7 kilometers northwest of the Sugar Zone resource. Induced Polarization ("IP") and Magnetometer ("Mag") surveys completed on the Wolf Zone revealed a number of IP and Mag targets, which subsequent trenching and sampling confirmed to be associated with gold mineralization hosted in Hemlo – style disseminated sulphides.

A reconnaissance drill program consisting of 28 holes was conducted on the Wolf Zone and completed in December 2010. The program outlined a 600 metre strike length and included several high grade intercepts with visible gold together with lower grade gold mineralization. Harte is encouraged with the results of this first phase of exploration drilling at the Wolf Zone and anticipates that further drilling will define additional areas of gold mineralization.

The discovery of disseminated sulphide hosted gold mineralization at the Wolf Zone was a significant event for Harte. This discovery represents a different type of mineralization from that of the existing quartz vein hosted Sugar Zone resource. As disseminated sulphide gold mineralizations often host gold deposit of substantial size, Harte will continue with further exploration of the Wolf Zone and other potential areas of disseminated sulphide mineralization on the property.

Through geophysics, Harte has also identified a "fold nose" (fold closure or synform structure) formation located 5 kilometres northwest 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 host elevated gold values and Harte expects to drill this target during the summer 2011 drill program.

With the discovery of the Fold Nose 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. A recently completed IP and Mag survey over the 1.7 kilometer area between the two Zones has generated a number of drill targets which will be tested during the winter 2011 drill program.

The following summarizes acquisition and exploration costs for the Sugar Zone Property that have been capitalized to "Mineral Properties" on the Company's balance sheet.

Sugar Zone		**13 Months Ended December 31, 2010**		12 Months Ended November 30, 2009
Acquisition Costs				
Balance at beginning of period	**$**	**129,895**	$	127,702
Acquisition costs		**3,591,122**		2,193
Balance at end of period	**$**	**3,721,017**	**$**	**129,895**
Deferred exploration expenditures				
Balance at beginning of period	**$**	**1,979,873**	$	1,548,559
Drilling		**1,296,434**		205,517
Geophysics		**138,332**		-
Sampling		**35,400**		-
Assays		**57,509**		5,645
Camp costs		**104,296**		-
Direct management/employees		**382,675**		170,992
Site access		**218,922**		-
Consultant costs		**201,796**		40,810
Depreciation - vehicles & equipment		**6,096**		-
Other costs		**40,837**		8,350
Total deferred exploration expenditures		**2,482,297**		431,314
Balance at end of period	**$**	**4,462,170**	**$**	**1,979,873**
Total Mineral Properties	**$**	**8,183,187**	**$**	**2,109,768**

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 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 kilometers

- IP and Mag survey over the Fold Nose area located 5 kilometers northwest 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, including an Environmental Baseline Study

- Road design to facilitate access to the Sugar Zone resource

Exploration Update – Stoughton-Abitibi Property

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

In 2009, the Company concluded that it should prioritize the Sugar Zone Property and has not funded any exploration expenses on the Stoughton-Abitibi Property since then. Accordingly, the Company recorded an impairment provision for the full amount recorded on its balance sheet for the Stoughton-Abitibi Property at November 30, 2009.

Selected Annual Information

		13 Months Ended December 31, 2010		12 Months Ended November 30, 2009
Income / (Loss) before taxes	**$**	**(1,891,499)**	$	(3,993,371)
Net Income / (Loss)		**(1,778,665)**		(3,723,992)
Income / (Loss) per weighted average share – basic and fully diluted		**(0.018)**		(0.073)
Total Assets		**12,929,938**		2,139,915
Cash		**4,108,857**		29,166
Mineral properties		**8,183,187**		2,109,768

Results of Operations

Harte changed its year end from November 30th to December 31st. Accordingly, the 2010 results include the 13 months ended December 31, 2010.

During the 13 months ended December 31, 2010 the Company raised $8,447,784 under working capital and flow through financings to provide working capital for corporate operations and funds for mineral exploration. The Company incurred $4,707,160 expenditures on mineral properties (2009 - $435,607) and $89,438 expenditures on capital assets (2009 - $nil).

Excluding corporate stock-based compensation and mineral property impairment expenses, corporate costs were $586,173 for the 13 months ended December 31, 2010 (12 months ended November 30, 2009 - $957,398, which included $416,300 in Part XII.6 interest and penalties and shareholder indemnification costs related to prior year flow-through share issues).

For the 13 month period ended December 31, 2010 the Company's cash and cash equivalent position increased to $4,108,856 from $29,166 at November 30, 2009 in the year earlier period. This increase is due to funds raised by the Company during the current reporting period less amounts paid to Corona

Gold Corporation ("Corona"), exploration expenditures and corporate expenses incurred.

The Company entered into a Letter Agreement in March 2010 with Corona and became the operator of the Sugar Zone Property joint venture. This allowed Harte to accelerate the pace of exploration on the property. The Letter Agreement was replaced by a formal Option Agreement in May 2010, a description of which can be found in the Company's annual audited financial statements for the 13 months ended December 31, 2010.

On June 28, 2010, the Company entered into an Option Agreement (the "Halverson Option") to acquire 3 mining claims contiguous to the 326 claims previously held. A description of the Halverson Option is detailed in the Company's annual audited financial statements for the 13 months ended December 31, 2010.

As operator of the Sugar Zone Property, the Company significantly accelerated the pace of exploration and began a comprehensive exploration program designed to expand the current resource and test numerous targets that had been identified in the summer 2009 exploration program. Exploration activities were previously described. In connection with its work, the Company determined that it was prudent to stake an additional 83 adjacent claims, bringing the total claims held at the Sugar Zone Property to 412.

During the year, the Company also completed its internal audit of interest charges and penalties associated with historical flow-through financings done by previous management. Following consultations with the Canada Revenue Agency ("CRA"), management made a decision to include in the audited financial statements for the year ended November 30, 2009, a provision of $146,500 to reflect the interest charges and penalties that may be incurred 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 in tax liabilities due to CRA re-assessments which re-assessments are a result of flow through funds not spent within prescribed time limits. A provision for this potential liability was also recorded in the accounts at November 30, 2009.

The Company has approached CRA with a proposal to minimize payments associated with the above. The Company has determined that it will file a claim in an amount equal to or greater than penalties, interest and any re-assessment amounts levied by CRA, against the directors and officers retained, employed or otherwise engaged by the Company during the relevant period.

Financing

During 13 months ended December 31, 2010, the Company raised $8,447,784 under working capital and flow-through financings to provide working capital for corporate operations and funds for mineral exploration briefly summarized as follows (see more detailed description in the notes to the audited annual financial statements for the 13 months ended December 31, 2010):

- Private placement of 4,000,000 common shares at $0.05 per share and 6,447,624 flow-through common shares at $0.07 per share on December 23, 2009 for gross proceeds of $651,334.

- Private placement of 1,000,000 common shares at $0.05 per share on January 18, 2010 for gross proceeds of $50,000.

- Private placement of 38,797,000 units at $0.10 per unit (one common share and one-half warrant exercisable at $0.15 per full warrant for 18 months from closing) on May 26, 2010 for gross proceeds of $3,879,700.

- Private placement of 3,945,000 units at $0.10 per unit (one common share and one-half warrant exercisable at $0.15 per full warrant for 18 months from closing) on June 10, 2010 for gross proceeds of $394,500.

- Private placement of 8,000,000 flow-through common shares at $0.125 per share on June 10, 2010 for gross proceeds of $1,000,000.

- Private placement of 2,245,333 flow-through common shares at $0.75 per share on December 23, 2010 for gross proceeds of $1,684,000.

- Private placement of 1,051,000 flow-through common shares at $0.75 per share on December 30, 2010 for gross proceeds of $788,250.

Corporate Expenses

The Company's policy is to capitalize all exploration expenditures until a property becomes a producing mine or circumstances lead the Company to conclude that there has been an impairment in value. Accordingly, the results of operations generally reflect the Company's corporate expenses that are not capitalized to the exploration properties.

The Company incurred a net loss of $1,778,665 or $0.018 per share for the 13 months ended December 31, 2010, compared with a net loss of $3,723,992 or $0.073 per share for the 12 months ended November 30, 2009. The following summarizes the major components of corporate expenses:

Expenses	**13 Months Ended December 31, 2010**	12 Months Ended November 30, 2009
Stock-based compensation	**$ 1,305,715**	$ 280,525
Office and general	**98,808**	57,724
Management and consulting	**237,500**	156,050
Professional fees	**59,648**	75,332
Shareholder information	**181,503**	231,860
Part XII.6 interest and penalties	**-**	133,000
Shareholder indemnification costs	**-**	283,300
Mineral property impairment	**-**	2,756,133
Future income tax recovery	**(112,834)**	(269,379)

- The Company incurred $1,305,715 in stock-based compensation expense for the 13 months ended December 31, 2010 ($280,525 for the 12 months ended November 30, 2009) which increase reflects a greater number of stock options granted in the current period ended.

- Office and general expenses increased to $98,808 in the current period ($57,724 for the prior period) reflecting the greater corporate activity.

- Management and consulting fees increased to $237,500 from $156,050 in the prior period reflecting increased management requirements, as well as the 13 month versus 12 month period.

- Shareholder information costs decreased. The prior year had included the non-recurring costs related to the Special Shareholders' Meeting held January 30, 2009 which savings were offset in part by increased costs incurred for general shareholder communication in the current year.

- Part XII.6 interest and penalties for the year ended November 30, 2009 are attributable to the results of an internal audit of historical flow-through offerings, exploration expenses incurred and the status of CRA filings related thereto. Please see the "Contingencies" section below.

- Shareholder indemnification costs of $283,300 were provided in the year ended November 30, 2009 for indemnification of tax reassessments expected for investors in certain past flow-through share issues, where proceeds were not spent on qualifying expenditures during the required period. Please see the "Contingencies" section below.

- A provision for mineral property impairment was recorded in respect of amounts previously capitalized on the Stoughton-Abitibi Property at November 30, 2009.

- Harte provided $269,379 in future income tax recoveries in the year ended November 30, 2009 and $112,834 for the 13 months ended December 31, 2010. Based on the expected reversals of timing differences during the period of tax loss carry-forwards and the renunciation dates of flow-through share issues, a future income tax recovery is recognized. The renunciation date did not occur until 2011 in respect of the June and December 2010 flow-through share issuances, so the income tax recovery will not be recognized until 2011.

Summary of Quarterly Results

	2010				2009			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total Revenue	$ 303	$ -	$ -	$ 86	$ -	$ -	$ 685	$ -
Net Income / (Loss)	(797,568)	(905,572)	(107,997)	32,472	(3,051,762)	(76,497)	(8,266)	(587,467)
Income / (Loss) per Share - basic and fully diluted	(0.011)	(0.007)	(0.001)	0.001	(0.058)	(0.001)	-	(0.014)

Factors Affecting Comparability of Quarters

Results of operations can vary significantly by quarter, as a result of a number of factors. The Company's level of activity and expenditures during a specific quarter are influenced by the level of working capital, the availability of external financing, the time required to gather, analyze and report on geological data related to its properties and the number of personnel required to advance each project.

The timing and amount of stock option grants affects the quarters. During Q1 2009, the Company recorded stock option expense of $256,410 and $24,115 during Q2 of 2009. In Q1 2010, the Company recorded stock option expense of $7,785, $979,040 in Q3 2010 and $318,890 in Q4 2010.

Shareholder information expense of $185,915 was recorded in Q1 2009 versus $7,648 in Q1 2010.

A future income tax recovery of $128,905 was recorded in Q2 2009, compared to $112,833 in Q1 2010 related to flow-through share issuances.

Provisions for Part X11.6 interest and penalties, shareholder indemnification costs, adjustments to deferred taxes and mineral property impairment were recorded in Q4 2009.

Liquidity and Capital Resources

The Company had a working capital surplus of $3,481,774 at December 31, 2010 (working capital deficit of $544,939 at November 30, 2009). The Company utilized $532,605 in cash for operations for the 13 months ended December 31, 2010 ($168,391 during the year ended November 30, 2009) to cover overhead costs and working capital changes. During the 13 months ended December 31, 2010, $4,707,160 was spent on property acquisition and exploration expenses ($435,607 during the year ended November 30, 2009). Additionally, the Company incurred $89,438 capital expenditures for equipment and vehicles required at the Sugar Zone Property in the current period.

The Company has contractual commitments to pay rent on a warehouse in White River and for certain access rights to its properties, which commitments can be summarized as follows:

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

In addition to the foregoing contractual commitments, the Company must also make various payments under its Corona and Halverson Options, which options are described hereafter.

On May 28, 2010, the Company finalized its option to acquire Corona's 51% interest in the Sugar Zone Property. Harte can exercise its option by paying $2,500,000 prior to the second anniversary or $3,000,000 prior to the third anniversary. Additionally, Harte must pay $90,000 every six months as interest on the outstanding balance.

On June 28, 2010, the Company entered into the Halverson Option Agreement to acquire 3 internal claims. To earn a 100% interest in the claims, the Company must make cash payments of $225,000 and incur work commitments of $300,000 plus issue 200,000 common shares over 3 years.

The Company will require substantial additional funding to further explore and, if warranted, develop one or more of its exploration properties. The Company has limited financial resources and no current source of recurring revenue, and there is no assurance that additional funding will be available to the Company to carry out the completion of its planned exploration activities, for additional exploration or for the substantial capital that is typically required in order to place a property into commercial production.

Related-Party Transactions

Certain corporate entities that are related to the Company's officers and directors provided consulting services to Harte. These expenditures are summarized as follows:

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

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Outstanding Share Data - as of March 30, 2011

Issued and outstanding common shares	140,026,315
Share purchase warrants	20,090,076
Options	13,600,000
Fully diluted shares	173,716,391

Contingencies

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

Subsequent to the Meeting, two former officers and directors of the Company, Robert Isles and John Ternowesky, issued letters to the Company claiming an aggregate amount of $610,000 relating to services allegedly provided but unpaid. Since then, John Ternowesky has also forwarded a Statement of Claim to the Company at a higher amount of $3,000,000. The Company has been advised that the alleged claim of the Robert Isles has expired since no steps were taken to enforce such alleged claim within the requisite timeframe. Management is of the position that the remaining claim is without merit and has advised the claimant accordingly. Management intends to defend its position vigorously should the need arise, including counter-claiming amounts against this individual. No amounts have been accrued in these financial statements for these claims because settlement amounts, if any, are not determinable.

In conjunction with the above and pursuant to an audit by the Canada Revenue Agency ("CRA") of 2003 exploration expenses, current Management also conducted a review of expenditures incurred and filings made in respect of flow-through share issuances during the period 2003 – 2008. This review uncovered issues related to the use of flow-through funds, timing of expenditures and other related compliance matters that will require the Company to file and/or re-file certain documents with CRA related to the issuance of flow-through common shares during the review period.

The Company estimates it may incur interest charges and penalties associated with the foregoing and may incur other costs. These financial statements contain a provision of $146,500 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.

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

Accounting Policies and Critical Accounting Estimates

The Company prepares its consolidated financial statements in conformity with generally accepted accounting principles in Canada. The preparation of the Company's consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. The Company lists its significant accounting policies in Note 2 of its audited financial statements for the 13 months ended December 31, 2010.

Section 3862 – Financial Instruments – Disclosures

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;

Level 3 – Inputs that are not based in observable market data.

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

Future Accounting Policies

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

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

International Financial Reporting Standards

Effective January 1, 2011, publicly accountable enterprises are required to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS") instead of current Canadian generally accepted accounting principles ("Canadian GAAP"). Due to the requirement to present comparative information, the effective transition date for the Company is December 1, 2009.

The Company identified various phases for its IFRS conversion: (1) scoping and planning, (2) detailed assessment, (3) implementation and (4) review. The scoping and planning and detailed assessment phases are complete and we are progressing through the implementation phase, which requires finalizing the opening IFRS balance sheet as of December 1, 2009. The Company's first IFRS financial statements will be presented for the quarter ended March 31, 2011.

Accounting Policies and Transitional Financial Position Impact

The discussion below outlines key Canadian GAAP to IFRS differences, our preliminary accounting policy decisions and IFRS 1, "First-Time Adoption of International Financial Reporting Standards" optional exemptions for significant or potentially significant areas that will have an impact on our financial statements on transition to IFRS or may have an impact in future periods. As a result of the analysis performed to date and the preliminary policy choices we are considering, we have estimated that there will be no impact on opening share capital and retained earnings on conversion to IFRS as of November 30, 2009. In respect of the 13 months ended December 31, 2010, we have estimated that share capital will decrease and net income will increase by approximately $16,000, reflecting the changes to accounting for flow-through shares under IFRS. This estimate is preliminary and is subject to change as we finalize our opening balance sheet analysis and accounting policy choices and as we continue to monitor developing requirements of IFRS. The accounting policy and IFRS 1 optional exemption decisions are preliminary and are subject to change as we continue to review these policies internally.

The discussion below should not be regarded as a complete list of changes that will result from our transition to IFRS; it is intended to highlight those areas that we believe to be significant. Our assessments of the impacts of certain items are still in process and not all policy decisions have been finalized. Until we prepare our first set of financial statements under IFRS, we will not be able to determine or precisely quantify all the impacts that will result from our transition to IFRS.

Deferred Exploration Expenditures

Under IFRS, exploration expenditures must be recognized in accordance with an established policy, which can include either capitalizing or expensing such expenditures. We have elected to capitalize such exploration expenditures, similar to our historic treatment under Canadian GAAP.

Exploration expenditures can only be capitalized once the legal rights to explore a particular area have been received. The Sugar Zone Property was originally acquired by the Company when claim rights existed so no expenditures have been recorded on this property that relate to the period prior to having acquired legal exploration rights. Accordingly, upon implementation of IFRS, there will be no change to the recorded amount of deferred exploration expenses.

Impairment of Assets

There are differences in calculating impairment losses under IFRS. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount, where recoverable amount is the greater of (1) fair value less selling costs and (2) value in use (the present value of future cash flows expected to be derived from the asset). An impairment loss is recorded as a charge to income, if the cost model is used, but if circumstances change in the future, such impairment loss may be reversed and a resultant income recorded. Under Canadian GAAP, reversals of previous impairment provisions are not permitted. In the year ended November 30, 2009, an impairment provision of $2,756,133 was recorded against the Stoughton-Abitibi Property. Should circumstances change, there could be a reversal of this impairment provision in the future under IFRS.

Under Canadian GAAP, impairment provisions were based on a two-step test: the first step was to determine whether the recorded assets value could be recovered out of the undiscounted future cash flows and only if this test failed, would an impairment provision be calculated. Such first step no longer applies, so impairments are more likely to occur under IFRS. At present, there are no indications that impairment may exist on the Company's Sugar Zone Property, so no calculations need to be made under IAS 36.

Asset Retirement Obligations

Recognition of asset retirement obligations is somewhat broader under IFRS than under former Canadian GAAP. In the case of Harte, we are not aware of any legal or constructive obligations that may give rise to costs or expenses should we elect to discontinue our exploration activities. Accordingly, there are no asset retirement obligations at present. This may change in the future should we bring our properties into production.

Flow-through Shares

Flow-through shares have been accounted for quite differently under Canadian GAAP than is the case under IFRS. Under Canadian GAAP, the dollar amount of the renunciation (normally the issue price) is multiplied by the effective tax rate and this amount recorded initially as a reduction of share capital and an increase in deferred taxes. Then, to the extent tax losses and tax pools are available to offset the deferred tax liability, this liability is reduced and included in the income statement as a deferred tax credit income amount. The reader of financial statements saw this as a one step transaction, so that if a flow-through share was issued for $100 and the tax rate was 25%, share capital would be credited with $75 and $25 would be credited to tax expense in the income statement, resulting in an increase in retained earnings by this amount.

Under IFRS, a flow-through share issue is considered a financial instrument that requires bifurcation. The initial share capital component will be recorded at the same amount as a non flow-through share could have been issued for at the time. Any difference is initially recorded as a liability until the flow-through expenses have been renounced. Upon renunciation, the liability will be credited to the income statement.

Critical Accounting Estimates

The most critical accounting estimates upon which the Company's financial status depends are those requiring estimates of the recoverability of its capitalized exploration costs, impairment considerations related thereto and fair value estimates for stock options and warrants.

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

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

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

Although the Company continues to evaluate alternative strategies for the Stoughton-Abitibi Property, there was no longer sufficient certainty that capitalized exploration costs could be recovered and the Company recorded an impairment provision for the full amount of this property at November 30, 2009.

The fair value of stock options and warrants is calculated using an option pricing model that takes into account the exercise price, the expected life of the option/warrant, expected volatility of the underlying shares, expected dividend yield and the risk free interest rate for the term of the option/warrant.

Capital Disclosures

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of precious metals deposits within Canada.

The Company manages its capital structure in a manner that provides sufficient funding for operational activities. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

The Company manages its capital to ensure that it will be able to continue as a going concern while attempting to maximize the return to shareholders through the optimization of a reasonable debt and equity balance commensurate with current operating requirements. The current capital structure consists of cash and shareholders' equity excluding accumulated other comprehensive income (loss). The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. The Company invests all capital that is surplus to its immediate operational needs in short term, liquid and highly rated financial instruments, such as cash, and short term guaranteed deposits, all held with major Canadian financial institutions.

Risks and Uncertainties

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.

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

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 in the capital the Company, its financial results, exploration and development activities have been, or may in the future be, adversely affected by declines in the price of gold. 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 metals or interests related thereto. The effect of these factors on the price of precious 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.

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.

Management's Responsibility for Financial Information

Management is responsible for all information contained in this report. The audited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the audited financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded. External auditors, appointed by the shareholders, have examined the financial statements for the 13 months ended December 31, 2010.

The Audit Committee has reviewed the audited financial statements with management. The Board of Directors has approved the audited consolidated financial statements on the recommendation of the Audit Committee.

March 30, 2011

"Rein A. Lehari"
Rein A. Lehari, CA
Chief Financial Officer

"Stephen G. Roman"
Stephen G. Roman
President and CEO