HARTE GOLD CORP.

Management Discussion and Analysis

For the year ended December 31, 2019

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Management's Discussion and Analysis of Financial Condition and Results of Operations
for the year ended December 31, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion of the results of operations and financial condition of Harte Gold Corp. ("Harte Gold" or the "Company") prepared as of March 25, 2020 summarizes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2019, and the factors reasonably expected to impact on future operations and results ("Management's Discussion and Analysis of Financial Condition and Results of Operations" or "MD&A").

This MD&A should be read in conjunction with the Company's audited financial statements and notes thereto for the years ended December 31, 2019 and December 31, 2018 ("Financial Statements") and the notes thereto, which were prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB").

This MD&A contains forward-looking statements that are based on management's current expectations, are not historical in nature and involve risks and uncertainties. Forward-looking statements are not guarantees as to Harte Gold's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in forward-looking statements (please see "Cautionary Note Regarding Forward-Looking Information" below).

The Financial Statements and the Company's Annual Information Form are available under the Company's profile at www.sedar.com and at the Company's website - www.hartegold.com. All amounts disclosed are in Canadian dollars unless otherwise noted.

COMPANY OVERVIEW

Harte Gold is engaged in the acquisition, exploration, evaluation, development and mining of mineral resource properties. Harte Gold's primary focus is the wholly-owned Sugar Zone Mine, 30 km north of White River, Ontario. The Company was incorporated in Ontario on January 22, 1982 and is a reporting issuer in the Provinces of Ontario, New Brunswick, Saskatchewan, Alberta and British Columbia. The common shares of the Company are listed for trading on the Toronto Stock Exchange under the symbol "HRT", on the Frankfurt Stock Exchange under the symbol "H4O", and on the OTC market under the symbol "HRTFF".

Harte Gold declared commercial production of the Sugar Zone Mine effective January 1, 2019.

In February 2019, the Company announced the results of its updated NI 43-101 compliant Mineral Resource Estimate, which included a 55% increase in Indicated Mineral Resources. Overall, the updated Mineral Resource Estimate concluded on an Indicated Mineral Resource of 4,243,000 tonnes grading 8.12 g/t for 1,108,000 ounces contained gold and an Inferred Mineral Resource of 2,954,000 tonnes, grading 5.88 g/t for 558,000 ounces contained gold.

In May 2019, the Company filed a NI 43-101 compliant technical report titled "Technical Report and Feasibility Study on The Sugar Zone Gold Operation", effective February 14, 2019 (the "Feasibility Study Plan"). The Feasibility Study Plan concluded on a Probable Mineral Reserve estimate of 3,879,000 tonnes, grading 7.1 grams/tonne for a total of 890,000 ounces produced over a 14 year mine life. The Company also announced its expectation to produce 39,200 ounces of gold for the full year of 2019.

In November 2019, full year 2019 production guidance was adjusted to 24,000 to 26,000 ounces due to underperformance of mine development and limited stope production flexibility.

On January 9, 2020, the Company announced full year 2020 guidance of 42,000 to 48,000 ounces of production, an increase of 54% to 76% over total gold production for 2019.

2019 HIGHLIGHTS

Operations

- Total gold production for 2019 was 27,316 ounces.
- Q4 production was 8,017 ounces, the highest quarterly result to date and a 32% increase over Q3.
  - Production in December was 3,151 ounces, the highest month of production to date.
- December represented a significant improvement in key leading indicators over previous months, notably the following:
  - higher grade production due to more ore from stopes;
  - waste development rates improved more than 20% from November to December;
  - backfill tonnes placed exceeded plan by over 200%; and
  - contractor manpower performance significantly improved.
- Gold sales revenues of $49.8 million for the year implying an average realized gold price of approximately US$1,366 per ounce.
- Positive mine EBITDA[1] of $1.5 million was generated for the year.
- Operating Cash Cost[1] per ounce ("Cash Cost") was US$1,225 for Q4 and US$1,326 for FY 2019.
  - Mining, processing and G&A costs have stabilized on a per tonne unit basis.
  - As gold production increases, cash unit costs are expected to further decline.
- All-In Sustaining Cost[1] per ounce ("AISC") for the year was US$2,079.
  - $18.3 million was spent on mine development in 2019 and included in AISC.
  - Mine development is critical to accessing new areas of the mine and improving scheduling flexibility.
- Initial drilling at the TT8 Zone is complete. Initial results traced the quartz vein package approximately 300 metres along strike and 600 metres down-dip form the original showing.
  - Consistency in the mineralized package, albeit narrow, is considered encouraging as this type of gold mineralization has not been outside the immediate Sugar Zone mine site area.
  - VLF-mag surveying to commence, followed up with further targeted drilling in the summer.

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[1]Cash Cost and AISC are non-IFRS measures, refer to definition of non-IFRS measures below for a reconciliation. Calculated based on a Canadian dollar exchange rate of 0.75.

Operational Summary

Figures in C$ 000	Mar 31	Jun 30	Sep 30	Dec 31	FY 2019
Ore mined (tonnes)	32,044	42,601	46,235	53,659	174,539
Ore processed (tonnes)	38,278	53,216	56,558	53,162	201,214
Average daily throughput (tpd)	425	591	628	591	559
Head grade (g/t)	4.86	4.89	3.61	5.03	4.56
Recovery (%)	92%	93%	92%	93%	93%
Gold ounces produced	5,476	7,754	6,069	8,017	27,316
Key Financial Data (000 $)					
Net revenues[1]	7,983	11,821	14,477	15,474	49,755
Mine operating profit / (loss)[2]	(5,751)	(1,044)	(4,782)	(2,426)	(14,002)
Mine EBITDA[3]	(2,482)	2,730	(661)	1,910	1,497
Net loss[4]	(13,354)	(25,900)	(15,182)	(7,145)	(61,581)
Net decrease in Cash	(6,579)	3,208	(3,032)	1,206	(5,197)
Cost Statistics (in dollars)					
Cash Cost (US$/oz)[5]	1,527	1,145	1,510	1,225	1,326
AISC (US$/oz)[5]	2,401	1,756	2,259	2,036	2,079

1) Gross revenues treatment and refining costs
2) Net revenues less production costs
3) Mine EBITDA is a non-IFRS measure, refer to definition of non-IFRS measures below.
4) Mine operating profit less corporate expenses, exploration expenses, share based payments, amortization and other expenses
5) Cash Cost and AISC are non-IFRS measures, refer to definition of non-IFRS measures below for a reconciliation. Calculated based on a Canadian dollar exchange rate of 0.75.

Corporate

- Flow-through private placement offering (the "Flow Through Offering") completed March 19, 2020 raised gross proceeds of $27 million. Proceeds will be used to incur eligible Canadian Development Expenses ("CDE") and fund continued underground mine development to open more working faces at the Sugar Zone and begin mining at the Middle Zone
- The renewal of the board of directors (the "Board") was completed:
  - James Gallagher and Joseph Conway were appointed to the Board, effective October 15, 2019; and
  - Mr. Conway was subsequently appointed Chairman of the Board, effective January 27, 2020.
- Executive management changes were completed with a focus on operational oversight:
  - Sam Coetzer was appointed President, Chief Executive Officer and Director, effective November 4, 2019;
  - Dr. Martin Raffield was appointed Executive Vice President and Chief Operating Officer, effective November 4, 2019;

- Karen Walsh was appointed Vice President, People and Organizational Development, effective December 1, 2019;
- Dan Gagnon was appointed General Manager of the Sugar Zone Mine, effective January 28, 2020; and
- Graham du Preez appointed Executive Vice President and Chief Financial Officer, effective March 2, 2020.

Liquidity and Capital Management

- On March 19, 2020, a flow-through private placement offering was completed for gross proceeds of $27 million.
- On October 2, 2019, a bought deal prospectus offering of flow-through shares was completed with Echelon Wealth Partners Inc. ("Echelon") for gross proceeds of $6.9 million. Proceeds will be used to incur eligible Canadian Exploration ("CEE").
- On June 11, 2019, a Subscription Agreement with Appian was completed for the purchase of US$10 million in Special Shares convertible into common shares at $0.27 per common share.
- The Company is working with its lender, BNP Paribas ("BNPP"), to provide the financial flexibility that will allow the Company to continue focusing on improving operations.
- BNPP remains broadly supportive of the Company and its strategy.

IMPACT OF COVID-19 ON OUTLOOK AND GUIDANCE

Due to the global outbreak of the coronavirus disease ("COVID-19"), an internal risk assessment and scenario planning was completed in the potential event of an outbreak at site.

Currently, operations remain normal with no reported impact from COVID-19. However, the Company's risk profile has increased significantly, including but not limited to the following:

- potential loss of contractor manpower to site or overall reduction of workforce productivity;
- availability of industry experts and personnel;
- potential of a Harte Gold employee falling ill and causing a disruption to site;
- ability to procure and transport critical supplies and parts to site;
- cancellation of domestic flights causing mobility issues for site staff rotations;
- possible restrictions to its drill program and/or the timing to process drill and other metallurgical testing;
- ability to continue operating a remote camp while managing self isolation policies; and
- a potential curtailment or total shut down of operations by government.

If any of these events were triggered, the result could be a complete shutdown of the mine for an undetermined period. To minimize this risk, the following actions have been taken:

- a policy has been instituted supporting employees to work from home where practical;

- preliminary screenings at site;
- any employees or contractors showing potential signs of COVID-19 shall be placed into self isolation;
- special arrangements at the camp have been implemented to maximize social distancing; and
- tracking of employee travel is under constant review.

The Company is treating the threat of a COVID-19 outbreak very seriously. A care-and-maintenance plan has been prepared and would be executed in the event of an outbreak at site. The Company has entered into cash preservation mode with all non-critical expenditures having been deferred for the foreseeable future. Mine development, critical to the overall growth of the Company, will continue.

Due to the above risks, there is no assurance at this time stated that guidance targets will be achieved.

The Company continues to monitor the situation very closely and will provide further disclosure as required.

OUTLOOK

- On January 9, 2020, the Company provided full year 2020 production and cash cost guidance:
  - 42,000 - 48,0000 ounces of production, an increase of 54% to 76% over 2019 production;
  - US$900 – US$1,000 per ounce operating cash cost; and
  - US$1,475 – US$1,650 per ounce AISC.
- Capital plan for 2020:
  - $18.5 million allocated to mine development; and
  - other discretionary capital has been deferred at this time.
- Longer term, the Company is targeting a return to Feasibility Study Plan levels of production totalling 60,000 to 70,000 ounces annually, based on the following relative contribution:
  - Sugar Zone: 40,000 – 45,000 ounces; and
  - Middle Zone: 20,000 – 25,000 ounces.

OPERATING SUMMARY

Mine Operations

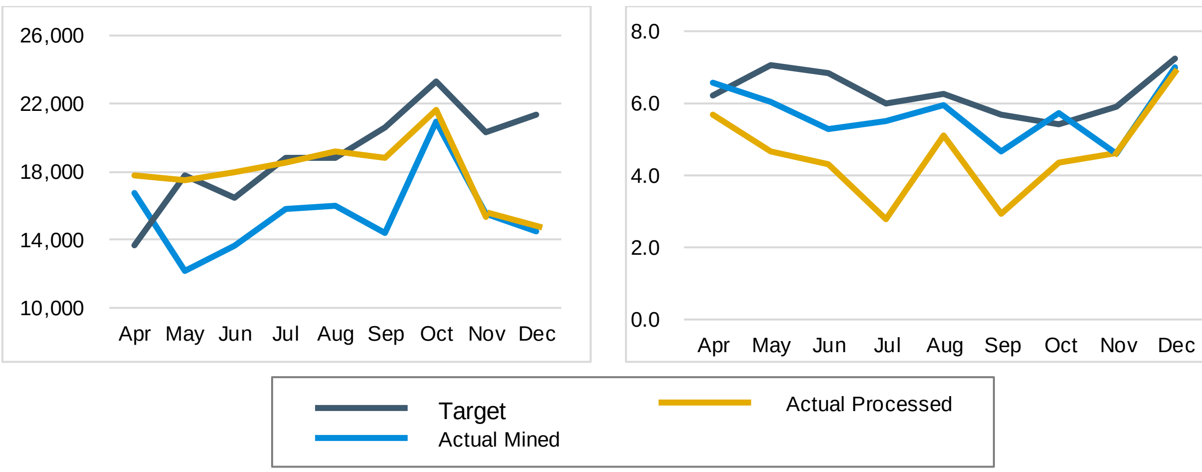
Commercial production was declared at the Sugar Zone mine on January 1, 2019. Since start-up, several challenges were faced impacting both grade and overall mine development performance, including:

- Waste development and backfill rates underachieved plan by 25% to 30%, limiting stope availability and reducing scheduling flexibility.
- Paste fill plant start-up delays became an unnecessary distraction. Rockfill has since been identified as a viable alternative and was incorporated into mine planning for 2020.

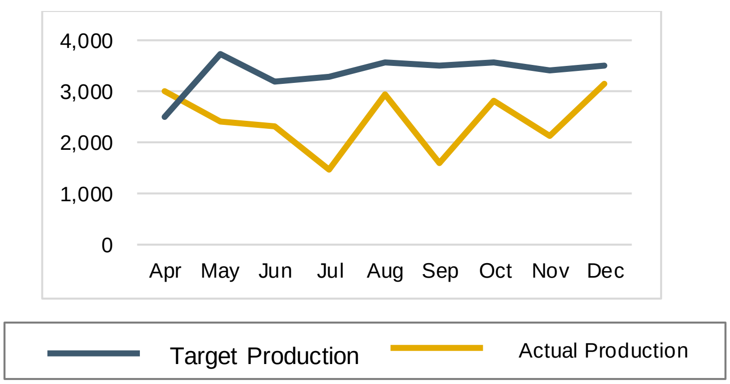
- Contractor mine performance became an issue early in the mine ramp-up, exacerbated further with lack of scheduling clarity at site. Manpower performance has since been addressed with the contractor and necessary actions have been taken to increase labour at site.

As overall stope availability was constrained by lower development and backfill rates, the Company started to mine outside of plan and increase its dependency on lower grade stockpiles to maintain targeted tonnage rates through the processing plant. The variance in grade impacted overall production and the Company did not meet its plan.

Tonnes Mined / Processed (Tonnes) **Grade Mined / Processed (g/t)**



Gold Production (oz Au)



In December, focus shifted to better manage grade, pivoting away from tonnes mined and other tasks that were having a negative impact on scheduling in previous months. This change in behaviour resulted in a notable improvement in gold ounces recovered. Production in December was 3,151 ounces, the highest month on record. Total production for the fourth quarter was 8,017 ounces, representing a 32% increase over Q3.

The Company has since made the following changes to its operating philosophy to ensure the right focus is maintained:

- Manage critical lead indicators: waste development, backfill tonnes and stope drilling.

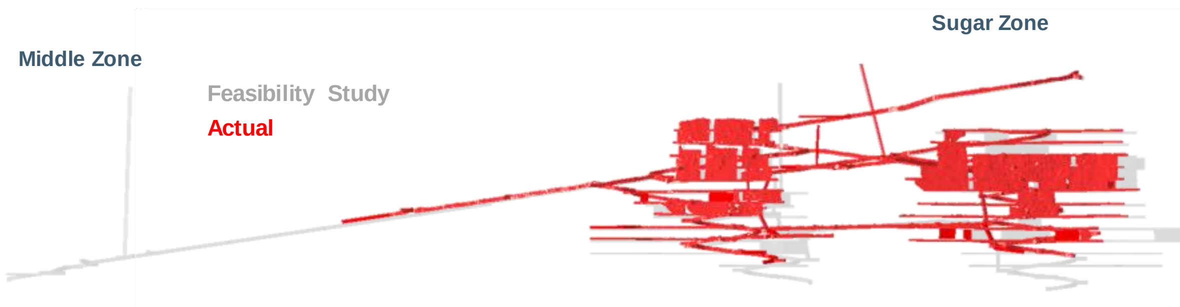
- Grade control measures in place: improvements to planning and scheduling underway.

- Site management team restructured: appointments of new site General Manager and Director of Technical Services to assist in scheduling.

Mine Development

Continued mine development is critical to long-term success of the Company as development is the only way to access new areas of the mine and grow production. For 2019, the Company underperformed on its development targets. Access to the Middle Zone should have been achieved by year-end and ramp declines at the Sugar Zone should have extended deeper in the mine.

2019 Development Comparison – Feasibility Study Vs. Actual



The Feasibility Study showed production achieving 800 tpd at the end of 2019/ early 2020. The anticipated run rate is now expected to be in the order of 600 tpd due to the factors cited above, and achieving the 800 tpd production target will now likely require approximately nine to twelve months. In terms of incremental costs to achieve the 800 tpd, these have to a large extent been incurred. A large component of mining costs are fixed in nature, so incremental costs were incurred in 2019 as a result of fewer tonnes mined to absorb the same fixed costs. Additional direct mining costs to achieve the production target are the same costs as initially planned; they have just been delayed.

To catch up on development missed in 2019, the 2020 plan calls for approximately $18.5 million to be spent on 3,300 metres of development to access higher grade stope areas at the Sugar Zone and development advance to the Middle Zone.

- Sugar Zone declines:
    - 2,600 metres of ramp development across two declines
- Middle Zone access:
    - 700 metre ramp access the Middle Zone, approximately 100 metres completed 2020 to date

EXPLORATION

Exploration Strategy, Hiring of Senior Geologist

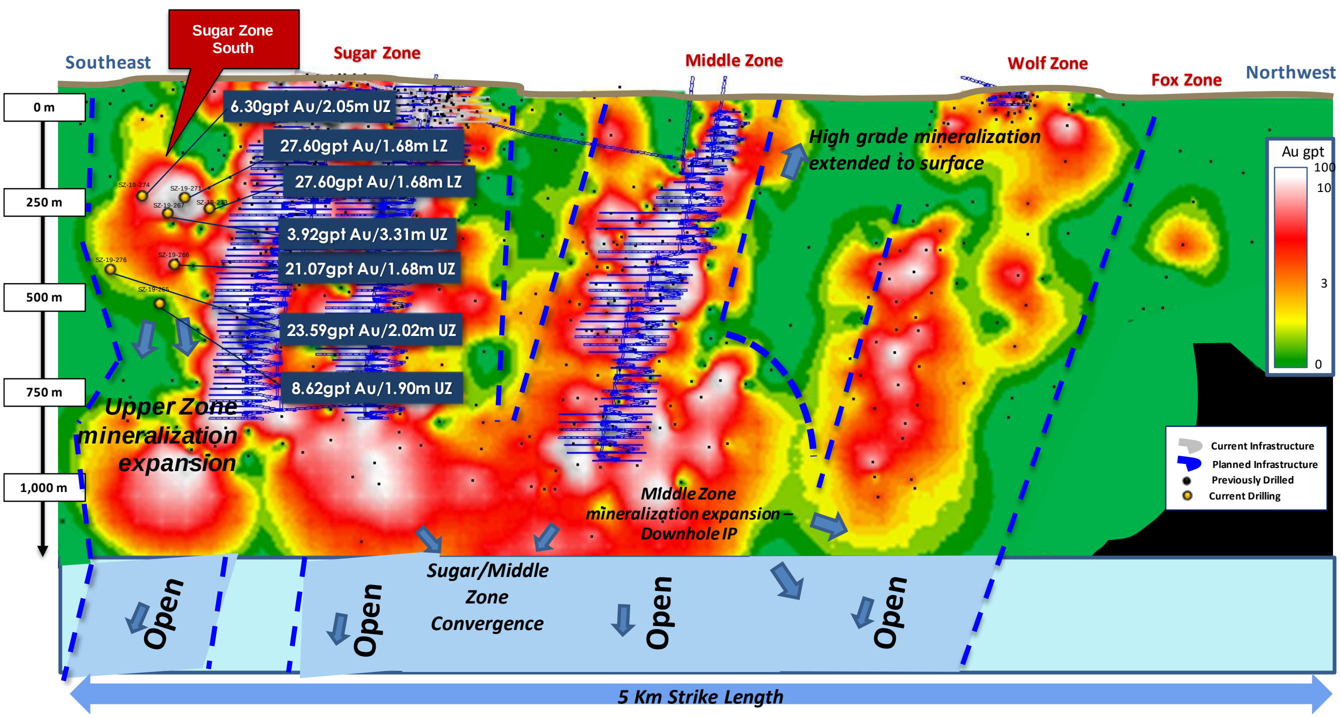
The Company is currently reviewing exploration objectives for 2020. Critical to this process is the hiring of a senior geologist that will work with the exploration and near mine geology teams to define a strategy that will identify and develop new ore bodies to feed the Sugar Zone mill. While a renewal of the Company's exploration strategy is currently underway, the following targets remain top exploration priorities for 2020.

Near Mine Drilling

Sugar Zone South Extension

Drilling in 2019 was successful in identifying a new high-grade zone south of the Sugar Zone mine, extending mineralization 300 metres along strike and 200 metres down dip. The zone remains open in both directions.

Longitudinal Projection – Near Mine Mineralization



Drilling at TT8 Zone

Exploration at the TT8 Zone started late 2019. To date, a total of 1,800 metres in 15 holes has been completed. Initial drilling was encouraging, the TT8 quartz vein was intersected in 13 of the 15 holes, expanding mineralization 300 metres along strike and 600 metres down-dip from the original showing.

All drilling intersected the same sequence of rock types beginning with hangingwall mafic tuffs, followed by the TT8 quartz vein system and ending in footwall greywacke sediments. This package of rocks is intruded by coarse grained pegmatite and quartz-feldspar porphyry dykes and sills. Visible gold was noted in 10 of the holes. The TT8 quartz vein often hosts 2-5% pyrite, pyrrhotite, 0.5-2% chalcopyrite and sphalerite.

A summary of the assay results from the drill program are indicated below. Highlights of the drill assays include 11.14 g/t Au over 1.18 metres, or 33.3 g/t Au over 0.39 metres, in TT8-20-01 and 33.1 g/t Au over 0.68 metres in TT8-20-06.

The consistency in which drilling intersected the mineralized package and that visible gold was observed in most of the holes drilled is considered very encouraging as the Company has not seen this type of consistent gold mineralization, albeit narrow, elsewhere on the Sugar Zone property, except in the immediate mine site area.

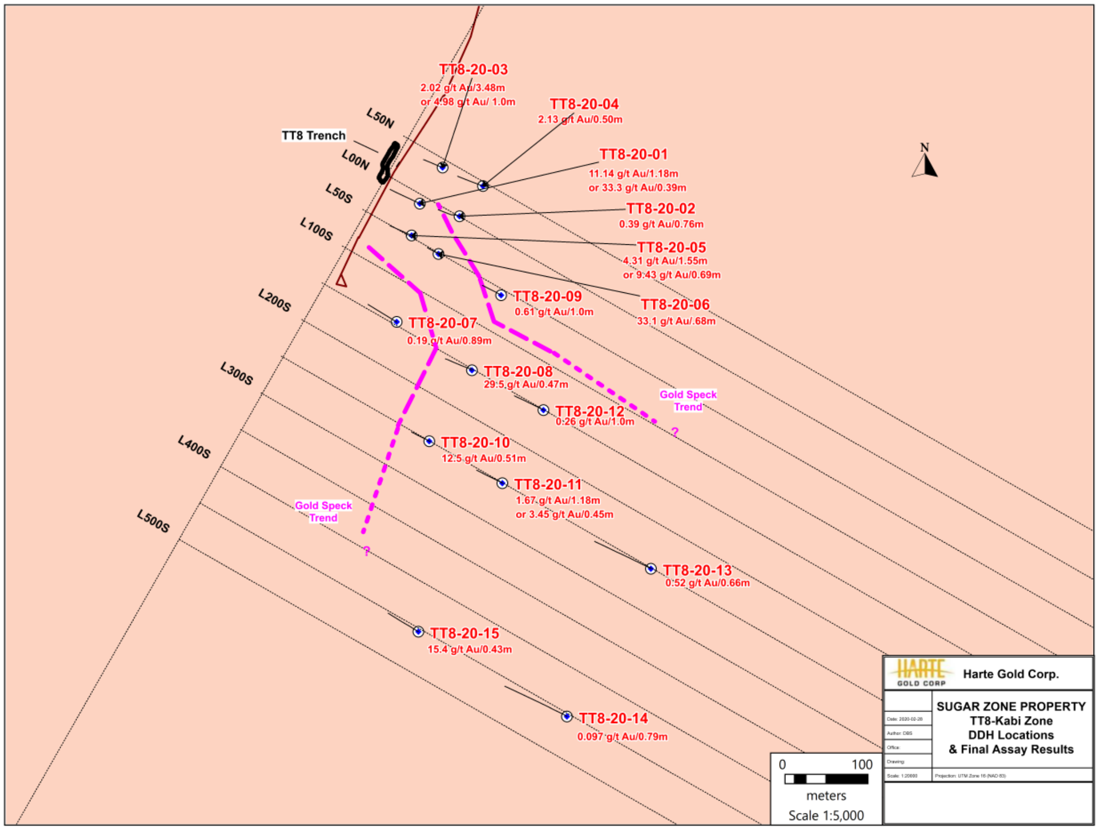
The Company is undertaking a 26 km VLF-mag survey centered over the TT8 drilling in order to try to locate the parent structure that the TT8 vein system is emanating from. Further drilling is expected by the summer.

Drill Assays (TT8 Zone)

Hole	From (m)	To (m)	Width (m)	Grade (g/t Au)
TT8-20-01	11.27	12.45	1.18	11.14
TT8-20-03	16.48	17.48	1.00	4.98
TT8-20-05	10.45	12.00	1.55	4.31
TT8-20-06	23.32	24.00	0.68	33.1
TT8-20-08	42.90	43.37	0.47	29.5
TT8-20-10	27.32	27.83	0.51	12.5
TT8-20-11	69.73	70.18	0.45	3.45
TT8-20-15	40.95	41.38	0.43	15.4

Core intersection lengths approximate 80% true width, assay results are uncut, fire assay with metallic screen on samples > 10 g/t

TT8 Zone - Diamond Drill Results



Additional Property Wide Targets Underway

Top exploration priorities for 2020 include the TT8 Zone, Flat Lake area, K7 South, Wolf-Fox and Lynx Zones.

- VLF-mag geophysical surveys and subsequent diamond drilling are currently planned for the TT8 and Flat Lake Zones
- VLF surveys have been completed on K7 South and is ready to be drilled
- Downhole IP surveys, and subsequent drill testing, are planned for the Wolf-Fox and Lynx Zones

RESULTS OF OPERATIONS

Results of operations for the three and twelve months ended December 31, 2019 compared with the three and twelve months ended December 31, 2018:

	Three months ended		Years ended	
in thousands of Canadian dollars	**Dec 31, 2019**	**Dec 31, 2018**	**Dec 31, 2019**	**Dec 31, 2018**
Mine operations				
Revenues	$14,484	$ -	$49,755	$ -
Production costs	($12,108)	-	(46,760)	-
Royalties and selling expenses	($385)	-	(1,498)	-
Depreciation and depletion	($4,520)	-	(15,499)	-
Mine operating loss	**(2,529)**	**-**	**(14,002)**	**-**
Other expenses				
General and administrative	$1,976	$1,794	5,243	3,543
Exploration and evaluation	$890	$4,917	5,874	29,358
Share-based payments	$1,355	$152	4,899	4,989
Depreciation	$20	$208	24	212
Operating loss	**(6,770)**	**(7,070)**	**(30,042)**	**(38,102)**
Other expenses (Income)				
Flow-through share premium	-	-	(1,702)	(1,174)
Gain on loan modification	-	(507)	-	(507)
Loss on loan termination	-	-	10,427	-
Loss on production payment liability	-	74	1,110	74
Interest, accretion & other	1,884	31	10,033	50
Foreign exchange (gain)/loss	(1,710)	3,398	(3,931)	3,327
Gain on sale of royalty	(3,711)	-	(3,711)	-
Change in the fair value of derivative financial instruments	3,913	-	19,313	-
	375	**2,997**	**31,539**	**1,770**
Net loss before income taxes	(7,145)	(10,067)	(61,581)	(39,872)
Income taxes	-	-	-	-
Net loss and comprehensive loss	**($7,145)**	**($10,067)**	**($61,581)**	**($39,872)**

Results for the years ended December 31, 2019 and December 31, 2018

During 2018, the Company was primarily engaged in exploration and evaluation activities and the development of the Sugar Zone Mine.

During 2018, construction of the processing facility was completed, underground development was undertaken to prepare for mine production, mining permits were obtained in September 2018 and mining was initiated. Harte Gold declared the achievement of commercial production effective January 1, 2019 and results for the year ended December 31, 2019 reflect the first year of commercial production. The decision to declare commercial production was made before the finalization of the Feasibility Study Plan in May 2019, and the declaration of commercial production did therefore not rely on a any information from a feasibility study or mineral reserve estimate. Proceeds from the sale of gold produced during 2018 were incidental to the commissioning process and were credited to capitalized project expenditures.

The Company produces gold doré bars and concentrates containing gold. The gold doré bars are sold to customers after further refinement and the gold concentrates are sold to a third party smelter.

Revenue of $49.8 million in 2019 was derived from the sale of 28,114 ounces of gold, of which 61% was from the sale of gold bullion through doré bars and 39% from the sale of gold concentrates. The average realized gold price achieved in 2019 was US$1,366, compared to an average gold price of US $1,393 (average AM and PM prices reported by the London Bullion Market Association).

The Company's average realized gold price for gold billion is generally below market averages due to certain bullion customers' ability to select the applicable sales price over a number of days before and after the sales date. Realized prices are also affected by the pricing mechanism for concentrate sales, including a payable factor and the smelting customer's ability to select sales prices over a one to three month period average after delivery of the concentrates as the applicable price.

The Company produced 27,316 ounces of gold in 2019, which was above the revised guidance range of 24,000 to 26,000 ounces, but below initial guidance of 39,200 ounces. Mine development in 2019 was lower than planned, which negatively affected ore production due to a lack of stope availability, resulting in a greater portion of sill ore at lower grades and mining certain low grade stopes out of plan so as to access tonnage. This was mainly the result of labour shortages experienced by the mining contractor and equipment breakdowns and delayed commissioning of the paste fill plant, negatively impacting backfill operations.

Operating results in 2019 were also negatively impacted by several other factors, including severe weather conditions that included road closures and power outages and challenges with ventilation raises. In the first half of 2019, lower mine production was supplemented by processing low grade stockpile material through the mill.

The loss from operations of $14.0 million for the year is largely the result of lower than anticipated ore production for the year and lower than planned head grade, due to the factors described above.

The increase of corporate expenses by approximately $1.7 million in 2019 includes $0.9 million severance pay related to the changes in executive management in the latter part of the year, as well as an increase of $0.6 million in legal fees associated with the settlement agreement and negotiations related thereto between the Company and Appian.

Exploration and evaluation expenditures were significantly lower in 2019 compared to prior year due to the advancement of the Sugar Zone Mine to development and towards production in the latter part of 2018, reducing the expenditures expensed on the project. Exploration expenditure in 2019 represent expenditure on exploration of targets on the company's land package on areas other than the Sugar Zone Mine.

In 2019, the Company renounced expenses related to a portion of the 2018 CEE flow-through share issuances, of $7.7 million resulting in an income amount of $1.7 million. $1.2 million was recognized in 2018 as a result of renouncing expenses related to the 2017 CEE flow-through share issuances.

The loss on loan termination of $10.4 million relates to the repayment of the Sprott debt facility in June 2019 and includes prepayment and cancellation fees of $2.1 million. The gain on loan modification in 2018 resulted from the extension of the Appian Debt facility.

The loss on production payment liability of $1.1 million relates fair value losses on revaluation of the production payment liability on the Sprott debt facility, which was repaid in June 2019.

Interest and accretion costs were capitalized prior to the commencement of commercial production on January 1, 2019. Interest and accretion expenses were recognized in 2019 on the Sprott Debt, the Appian Debt and the BNP Debt Facilities.

Exchange gains/losses result primarily from debt balances. Exchange gains were recorded in 2019 as the US exchange rate weakened from 1.36 at December 31, 2018 to 1.30 at December 31, 2019. Exchange losses were recognized in 2018 as the US exchange rate strengthened during 2018.

In December 2019, the Company granted a 1.5% NSR on the entire Sugar Zone Property in favour of an affiliate of Appian in exchange for payment by Appian of US $7.5 million. The Company has treated this transaction as a partial disposition of its investment in the Sugar Zone Property. The proportion of the estimated fair value of the Sugar Zone Property disposed of was calculated and the net book value of the Company's property, plant and equipment was reduced by such proportion. The difference of $3.7 million was recorded as a gain on the partial disposition of its property.

Zero cost put/call options were put in place as a hedge program to support the BNP debt facility. In view of the gold price movement from US $1,351 on June 14, 2019 to US $1,523 on December 31, 2019, the fair value of the hedge position resulted in an unrealized loss of $19.3 million, having no immediate cash implications. As each hedge position matures, any unrealized gains or losses will be realized and be offset by the opposite effect on the physical gold sales in each period. The result will be that the net cash proceeds for hedged gold ounces will fall within the put/call collar amounts, dependent on gold prices at the time.

Results for the three months ended December 31, 2019 and December 31, 2018

Revenue of $14.5 million in Q4 of 2019 was derived from the sale of 7,537 ounces of gold, of which 68% was from sale from gold bullion through doré bars and 32% from sale of gold concentrate.

The average realized gold price achieved in Q4 2019 was US$1,487, compared to an average gold price of US $1,482 (average AM and PM prices reported by the London Bullion Market Association).

General and administrative expenses increased in Q4 2019 compared to the prior year as a result of the appointment of executives and directors in Q4 2019 and the related severance payments to former executives.

Exploration and evaluation expenditures were significantly lower in Q4 2019 compared to Q4 2018 due to the advancement of the Sugar Zone Mine to development and towards production in the latter part of 2018, reducing the expenditures expensed on the project. Exploration expenditure in Q4 2019 represents expenditure on exploration of targets on the company's land package on areas other than the Sugar Zone Mine.

Share based compensation expenses increased in the fourth quarter compared to prior year due to the grant of stock options, Restricted Share Units ("RSU") and Deferred Share Units "DSU") to newly appointed executives and directors during Q4 2019. The RSU and DSU plans are subject to shareholder approval, which is expected to occur at the next annual general meeting of the Company in June 2020.

In Q4 2018, interest and accretion costs were capitalized prior to the declaration of commercial production. In the fourth quarter of 2019, $1.6 million was incurred as interest and accretion expenses in relation to the BNP Debt Facilities. $0.3 million was spent on other interests and other charges.

In Q4 2019, the Company recorded an unrealized foreign exchange gain of $1.7 million on its outstanding debt balance. The unrealized foreign exchange gain is the result of the US dollar weakening against the Canadian dollar during the fourth quarter. The US dollar moved from $1.32 at the beginning of the quarter to $1.30 at December 31, 2019.

The unrealized fair value loss on the Company's gold hedge position was $3.9 million in Q4 2019 due to an increase in in the price of gold from on US $1,485 on September 30, 2019 to US $1,523 on December 31, 2019.

SUMMARY OF QUARTERLY RESULTS

Summary of certain of the Company's quarterly information for the eight most recent quarters are as follows:

in thousands of	2019				2018			
Canadian dollars	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Total revenue	$ 14,484	$ 14,888	$ 12,280	$ 8,103	$ -	$ -	$ -	$ -
Net income (loss)	(7,145)	(15,182)	(25,900)	(13,354)	(10,061)	(11,558)	(7,091)	(11,162)
Income (loss) per share								
- basic and fully diluted	(0.011)	(0.024)	(0.043)	(0.022)	(0.013)	(0.020)	(0.016)	(0.020)

The factors with the biggest impact on revenue and net income (loss) on a quarterly basis include the declaration of commercial production on January 1, 2019, volume of gold produced and sold during the quarter, the market price of gold and the US dollar exchange rate. Additional factors impacting net income (loss) include changes in the Company's capital structure, including changes to the levels of borrowing and the changes in the cost of borrowing.

The Company's sales or operations are not affected by seasonality, but fluctuations in the market price of gold and the US dollar exchange rate could have a material impact on the Company's results of operations. Average gold prices remained fairly constant during Q1 and Q2 2019 at around US $1,300 per ounce, however, increased in Q3 and Q4 of the year to around US $1,475 per ounce, impacting revenue positively in Q3 and Q4.

A 4% decline in the US dollar over the course of 2019 had a negative impact on revenue on a quarter to quarter basis, as all sales are denominated in US dollar. The weakening US dollar also resulted in unrealized foreign exchange gains on the Company's US dollar denominated debt balances from quarter to quarter, impacting net income (loss) positively.

In Q2 2019, the Company replaced the Appian Debt facility and Sprott Debt facility with the BNP Debt Facilities, which has reduced borrowing costs from Q3 2019 onwards, however, resulted in one-time losses in Q2 2019 of $10.4 million related to the Sprott Debt. Income (loss) in Q4 2019 was positively impacted by the gain on the sale of a royalty of $3.7 million.

During 2018, quarterly net income (loss) was primarily impacted by a strengthening US dollar, resulting in varying levels of unrealized foreign exchange losses per quarter.

SELECTED ANNUAL INFORMATION

The Company's Financial Statements and the financial data set out below have been prepared in accordance with IFRS. Harte Gold uses the Canadian dollar as functional and presentation currency.

	Year ended		
in thousands of Canadian dollars	**Dec 31, 2019**	**Dec 31, 2018**	**Dec 31, 2017**
Revenues	$49,755	$ -	$ -
Net loss	($61,581)	($39,872)	($32,862)
Total assets	$122,769	$126,247	$55,668
Long term liabilities	$101,534	$5,202	$2,336
Net loss per share - basic and fully diluted	(0.098)	(0.069)	(0.070)

During 2017 and 2018, the Company was primarily engaged in exploration and evaluation activities and the development of the Sugar Zone Mine.

During 2018, construction of the Sugar Zone Mine was substantially completed and mining initiated. Harte Gold declared the commencement of commercial production effective January 1, 2019 and results for the year ended December 31, 2019 reflect the first year of commercial production and operations. The decision to declare commercial production was made before the finalization of the Feasibility Study Plan in May 2019, and the declaration of commercial production did therefore not rely on a any information from a feasibility study or mineral reserve estimate. Proceeds from the sale of gold produced during 2018 were incidental to the commissioning process and were credited to capitalized project expenditures.

FINANCIAL POSITION

The Company's financial position at December 31, 2019 and December 31, 2018 is summarized as follows:

in thousands of Canadian dollars		Dec 31, 2019		Dec 31, 2018
Current assets	$	**9,887**		12,719
Long term assets	$	**112,882**		113,528
Total assets	$	**122,769**	$	**126,247**
Payables and accruals	$	**25,630**		23,615
Flow through share premium	$	**920**		1,702
Current portion of derivative liabilities	$	**3,947**		-
Current portion of long-term debt	$	**8,911**		76,165
Long term portion of derivative liabiltiies	$	**15,366**		-
Long term liabilities	$	**86,168**		5,202
Total liabilities	$	**140,942**		106,684
Shareholders' equity		**(18,173)**		19,563
Total liabilities & shareholders' equity	$	**122,769**	$	**126,247**

The Company's cash and cash equivalents decreased from $7.3 million at December 31, 2018 to $2.1 million at December 31, 2019. Cash required for investing activities exceeded the cash flow from operating and financing activities during 2019, due to the impact of operational challenges. Other receivables include gold sale receivables of $3.3 million at December 31, 2019, compared to $0.4 million at December 31, 2018, which increased due to the ramp-up of the Sugar Zone Mine in 2019. Inventory at December 31, 2019 of $2.8 million includes gold inventory of $1.8 million. No inventory was recognized prior to the commencement of commercial production in January 1, 2019.

Long term assets primarily consist of property, plant and equipment at December 31, 2019. Additions during the year were offset by depreciation and the sale of property, plant and equipment recognized on the sale of a 1.5% royalty to Appian.

Payables and accruals remained constant during 2019, with $25.6 million outstanding on December 31, 2019.

During 2019, the Company refinanced its debt and replaced the Appian Debt facility and Sprott Debt facility with the BNP Debt Facilities. At December 31, 2019, $87.4 million was outstanding on the BNP Debt Facilities, of which $8.9 million was classified as current. In connection with the BNP Debt Facilities, the Company put a gold hedge program in place, consisting of zero cost put/call options. Due to the gold price movement from US $1,351 on June 14, 2019 to US $1,523 on December 31, 2019, the fair value of the hedge position resulted in an unrealized fair value loss of $19.3 million, of which $3.9 million is classified as current.

Other long term liabilities include lease liabilities of $2.2 million, recognized pursuant to IFRS 16 during the year, and an environmental rehabilitation provision of $5.1 million at December 31, 2019, compared to $4.8 million on December 31, 2018.

Shareholders' equity decreased by $37.7 million during 2019 mainly due to the net loss for the year of $61.6 million, partially offset by net proceeds from equity issuances of $17.5 million and stock options and warrant expenses of $5.9 million.

LIQUIDITY AND CAPITAL RESOURCES

On May 6, 2019, the Company announced an US $82.5 million refinancing package, comprising US $10.0 million investment in Special Shares of the Company by Appian and a US $72.5 million debt facility provided by BNP. Proceeds were used to repay the existing Appian Debt and Sprott Debt as well as for general corporate purposes.

Appian subscription agreement

On June 6, 2019, the Company entered into a Subscription Agreement with Appian for the purchase of US $10 million Special Shares, which investment closed on June 11, 2019. The investment of US $10 million was a condition of closing the BNP Debt Facilities. The Special Shares were convertible into common shares at $0.27 per common share two weeks from the later of (i) the date of such shareholder approval, (ii) the date the Appian debt is paid in full and (iii) the date the Sprott debt is paid in full. As Appian would own in excess of 20% of the common shares of the Company upon conversion, shareholder approval was required prior to such conversion. The shareholders of the Company approved the conversion on July 4, 2019 and the Special Shares were converted to 49,177,777 common shares on July 25, 2019.

Pursuant to the Subscription Agreement between Appian and the Company, and as consideration for a standby commitment from Appian to provide up to an additional US$7.5 million in non-equity financing, available at the Company's option (the "Standby Commitment"), and the extension of the due date on the outstanding bridge loan facility with Appian to coincide with the closing of the BNP Debt Financing, the Company also issued to Appian 5,000,000 common share purchase warrants that are exercisable at $0.27 per Common Share for a period of five years from closing.

Under the terms of the Subscription Agreement, the parties agreed to a standstill provision, pursuant to which Appian has agreed not to acquire securities of the Company in excess of 30% for a period ending on the earlier of (i) 18 months from the date of the Subscription Agreement and (ii) the date on which Appian holds less than 7.5% of the Common Shares (on a partially diluted basis). The standstill provision will also cease to apply under certain circumstances set out in the Subscription Agreement, including non-compliance with certain provisions of the Subscription Agreement.

The Company has also agreed to a number of covenants regarding the governance of the Company, including that: (i) the Board fixes the number of directors of the Company at seven directors; (ii) Appian is entitled to designate two directors to be appointed to the Board and included with the slate of nominees to be proposed by the Company for election as directors at each meeting of shareholders (consistent with Appian's existing nomination rights); (iii) the Company continues to have a finance committee to assist the

Company and the Board, which consists of two nominees of each of the Company and Appian; (iv) the Company shall present the Board with a plan to bolster management, which plan shall include changes to the positions of the President, Chief Financial Officer, Chief Operating Officer and other functional roles at the Company that may be determined in good faith with Appian and (v) the Company shall use reasonable efforts to recruit and appoint suitable candidates for the above listed positions within three months of the subscription agreement. The majority of the governance covenants (other than those concerning management) will cease to apply once Appian holds less than 15% of the common shares (on a partially diluted basis). However, if the Company does not satisfy certain management changes within six months of the date of the subscription agreement, Appian's standstill obligations described above will cease to apply. Should the Company not satisfy certain management changes within one year of the date of the subscription agreement, the exercise price of the 5,000,000 warrants issued in connection with the Special Shares and the 6,000,000 warrants previously issued in connection with the Appian debt will be repriced at the "market price" at that time if it is lower than $0.27, subject to approval of the TSX and disinterested shareholder approval, if necessary.

The Subscription Agreement also provided for the Standby Commitment to issue a 1.0% or 1.5% royalty to Appian at any time until June 30, 2020 for aggregate gross proceeds to the Company of US$5.0 million or US$7.5 million, respectively (the "Standby Commitment Proceeds"). The Standby Commitment Proceeds are available to the Company within two weeks of the exercise of its option under the Standby Commitment, and would assist the Company in satisfying short term cash requirements, if exercised. The Company's ability to exercise the Standby Commitment is subject to the coincident repayment of US$4.0 million under the BNP Debt Financing if a 1.5% royalty is issued and US$2.0 million under the BNP Debt Financing if a 1.0% royalty is issued. The Company's exercise of the Standby Commitment is also subject to certain conditions set out in the Appian Subscription Agreement including, but not limited to: (i) there shall not have been a material adverse effect on or before closing of the Standby Commitment; (ii) the Company shall be in material compliance with the terms of the Appian Subscription Agreement; (iii) the new royalty being registered on title; (iv) Appian receiving a legal opinion from Company's counsel and (v) approval of the TSX.

During December 2019, the Company exercised its option under the Standby Commitment to issue a 1.5% royalty to Appian for gross proceeds of US $7.5 million.

BNP Debt Facilities

On June 14, 2019, the Company closed the BNP Debt Facilities. The BNP Debt Facilities consists of a non-revolving term credit facility of US $52.5 million and a revolving term credit facility of US $20.0 million. Interest on the BNP Debt is LIBOR plus 2.875% to 3.875% dependent on credit ratios, payable every 3 months in arrears. The Company also has the option to convert from a LIBOR based loan to either: (i) an Alternate Base Rate, being the Federal Funds Rate plus 5/8% or (ii) Canadian prime interest rate, in each case plus a margin of 1.875% to 2.875%, dependent on the leverage ratio. To the extent funds are not fully drawn under the revolving credit facility, there is a standby fee ranging from 1.006% to 1.356% dependent on the leverage ratio.

Principal repayments under the term loan begin on March 31, 2020 repayable quarterly over 22 quarters through June 30, 2025. Amounts outstanding under the revolving term credit facility are due on June 30, 2022. Various financial covenants are measured on a quarterly basis but failure to meet such covenants does not constitute a default or event of default prior to June 30, 2020. The BNP debt facility also includes certain mining and processing production tonnage covenants for each month. In view of mine production shortfalls in September, the Company did not meet the covenant requirement and has obtained a waiver from BNP.

On August 28, 2019, the BNP Debt Facilities were amended to clarify certain defined terms and on November 19, 2019, it was further amended to revise the mining and processing production tonnage covenants. The Company was in compliance with the revised mining and processing production tonnage covenants as at December 31, 2019.

On exercising its option to issue a 1.5% royalty under the Standby Commitment with Appian, the Company was obligated to make a US$4 million prepayment on the BNP Debt Facilities.

The BNP Debt Facilities were fully drawn down at December 31, 2019.

Echelon bought deal prospectus offering

On July 22, 2019, the Company entered into an underwriting agreement for a bought deal prospectus offering with Echelon Wealth Partners Inc. ("Echelon") for 20,000,000 flow-through common shares at a price of $0.30 per common share for gross proceeds of $6,000,000. Echelon received a cash fee of 5% plus warrants to purchase up to 5% of the common shares sold, with each warrant exercisable at a price of $0.30 per common share for 18 months. The Company also granted Echelon an over-allotment option of up to 15% of the underwritten common shares, or up to 3,000,000 additional flow-through common shares. The Echelon financing was completed on October 2, 2019, including the exercise by Echelon of the full amount of the over-allotment option. The gross proceeds from the issuance of the flow-through shares will be used for CEE eligible expenditure as defined in subsection 66(15) of the Income Tax Act (Canada).

Up to December 31, 2019, actual expenditure compared to the anticipated use of proceeds from the private placement are as follows:

	Use of proceeds:	
in thousands of Canadian dollars	**Anticipated**	**Actual to Dec 31, 2019**
Geophysics & Prospecting	$794	$10
Drilling	$5,157	$239
Exploration Personnel	$949	$217
Total:	**$6,900**	**$466**

In 2020, the Company plans to spend the remainder of the proceeds from the offering on the evaluation of potential exploration targets, including further exploration at the TT8 Zone, the Flat Lake area, K7 South, Wolf Fox and Lynx zones.

Appian settlement agreement

On August 28, 2019, the Company announced the entering into of a settlement agreement among the Company, each of the directors of the Company, and Appian (the "Settlement Agreement") that superseded certain provisions of the Subscription Agreement and under which, the parties agreed to accelerate previously announced plans to bolster management and update corporate governance practices to facilitate the Company's transition from an exploration company to an operating gold mining company. The Settlement Agreement was entered into as a result of a further agreement between Appian and the Company primarily in respect of the pace of the implementation of certain agreed management changes contemplated in the Appian Subscription Agreement and the timing of the Board renewal as discussed below. Pursuant to the Settlement Agreement, management changes specifically included that the new President would also be the CEO and become a director of the Company, two new independent directors would be appointed to the Board to replace certain existing directors, and the Governance Committee was reconstituted and would make recommendations on the selection of management and the Board candidates. In addition, under the terms of the Settlement Agreement and pursuant to Appian's participation rights in respect of certain prior option issuances, the Company issued to Appian 3,950,000 warrants to purchase common shares of the Company at an exercise price of $0.35 per common share, expiring on August 28, 2022.

Canaccord and Haywood led private placement

The Company and a syndicate of underwriters led by Canaccord Genuity Corp. ("Canaccord") and Haywood Securities Inc. ("Haywood"), including CIBC Capital Markets and BNP Paribas Canada, entered into an underwriting agreement dated February 19, 2020, as amended and restated as of March 9, 2020, for the sale of 168,750,000 flow-through shares at a price of C$0.16 per flow-through share for gross proceeds of C$27,000,000.

In connection with the offering, Appian participated in purchasing common shares of the Company to the extent of its pro rata interest, which represents approximately 24.4% of the issued and outstanding common shares of the Company.

The flow-through shares qualify as "flow-through shares" (within the meaning of subsection 66(15) of the Income Tax Act (Canada)). The gross proceeds from the offering will be used by the Company to incur eligible "Canadian development expenses" ("CDE") as such term is defined in the Income Tax Act (Canada) related to the Company's assets in Ontario no later than June 30, 2021. All qualifying expenditures will be proportionately renounced in favour of the subscribers of the flow-through shares effective on several dates ending no later than June 30, 2021.

The offering of flow-through shares closed in two tranches. The first tranche closed on March 11, 2020 for gross proceeds of $19.35 million and the second tranche closed on March 19, 2020 for gross proceeds of $7.65 million. The flow-through shares of the Company issued in connection with the offering will be subject to a hold period in Canada of four months and one day from the date of issuance.

Working capital and cash used in operations

The Company had a working capital deficit of $29.5 million at December 31, 2019 compared to a deficit of $88.8 million at December 31, 2018. During 2019, the Company's operations produced $2.2 million in cash, net of working capital movements, which was lower than expectations due to operational issues as discussed above. The operational cash generated was supplemented with cash on hand and from financing activities, including the BNP Debt Facilities, proceeds from equity issuances and the net proceeds from the 1.5% royalty issued to Appian. The Company expects the working capital deficit to continue throughout 2020 and it is reliant on continued support from its lenders, suppliers and contractors while reducing the working deficit, utilizing cash generated from operations over time. In the event that lenders, suppliers or contractors require immediate payment of amounts which are in excess of the Company's cash resources at the time, the Company will have to raise equity and/or debt financing in order to meet its obligations as they become due. There is no assurance that the Company will be able to raise sufficient funding in the time required, should such circumstances arise.

The Company's liquidity is also impacted by several macro-economic factors, which include, but are not limited to, gold market prices, foreign exchange rates, fuel prices and corporate tax policies in Canada. Other contributing factors to our liquidity include the cost of inputs to our Sugar Zone mine. Management may also consider other options to enhance liquidity, as necessary, which may include issuance of debt or equity securities to public markets or private investors.

Investing activities and current and future sources of funding

Capital expenditure of $35.0 million in 2019 million were mainly funded from cash on hand and funding activities as described above.

The Company budgeted $18.5 million for mine development during 2020, which is a crucial expenditure to meet future production targets, and a further $11.2 million for discretionary capital expenditure. The budgeted mine development cost will be funded from the proceeds of the Canaccord and Haywood led private placement that closed in March 2020. Expenditure of the discretionary capital will be incurred to the extent it can be funded from cash generated by operations or cashflow from funding sources in 2020.

The BNP Debt Facilities were fully drawn down at December 31, 2019 and the Company currently does not have access to other debt facilities. The Company's EBITDA generation in 2019 has been negatively impacted by delays in mine development, putting at risk the Company's ability to meet financial covenants under the BNP Debt Facilities. Current forecasts for 2020 indicate that the Company expects to breach these covenants during the coming twelve months. The Company also expects to breach covenants related to mine production and mill throughput tonnages at March 31, 2020. The Company has entered into discussions with BNP regarding the potential covenant breaches in order to obtain waivers for covenant breaches, if required and / or amendments to the BNP Debt Facilities.

The Company's ability to continue as a going concern is dependent on the successful operation of its one mining property, the Sugar Zone Mine, on its ability to access external funding, if required, and on obtaining waivers and/or debt facility amendments for expected covenant breaches, if required. If revenues generated from future mining activities are not sufficient to cover operating costs, working capital requirements, capital costs and the payment of debt obligations, the Company will have to access sources of funding, including capital markets. There can be no assurance that the Company will be able to obtain any required financing in the future or at favorable terms. Due to uncertainties surrounding a number of factors such as, but not limited to, the ability to raise additional funds, obtain waivers / loan amendments required to cure covenant breaches, exploration results, mine operating results, the price of underlying commodities and financial market conditions, it is not possible to predict the success of the Company's efforts in this regard. These factors indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

COMMITMENTS AND CONTINGENCIES

The Company has the following commitments at December 31, 2019:

in thousands of Canadian dollars	Total	2020	2021 - 2023	2024-2025	2026 onwards
Accounts payable and accrued liabilities	$ 25,630	25,630	-	-	-
BNP Debt Facility					
- Principal	88,969	8,251	75,755	4,963	-
- Interest	18,956	5,036	10,512	3,408	-
Lease obligations	2,166	451	1,385	330	-
Mortages	418	208	210	-	-
Contractual commitments					
- Redpath	23,775	23,775	-	-	-
- Foraco	3,393	3,393	-	-	-
- Other	631	631	-	-	-
Exploration expenditues - CEE	669	669	-	-	-
Minimum payments to First Nations[1]	7,200	600	1,800	1,200	3,600
Other	70	70	-	-	-
Total contractual obligations	**$ 171,877**	**$ 68,715**	**$ 89,662**	**$ 9,901**	**$ 3,600**

Notes:

1. The Company has entered into an Impact Benefits Agreement ("IBA") with Pic Mobert First Nation ("Pic Mobert" or "PMFN"), the proximal First Nation, in connection with the Company's Sugar Zone property. The Sugar Zone property is located within the exclusive traditional territory of Pic Mobert. The IBA applies to all mines that may be developed on the Sugar Zone property and provides the framework within which Harte Gold and PMFN will continue to work together during the production phase of the Sugar Zone Mine. Key IBA terms include a 4% Net Profits Interest ("NPI"), based on the World Gold Council definition of "all in sustaining cost" metrics, subject to a minimum amount of $0.5 million per annum, an implementation payment of $0.1 million per annum on April 1 of the year immediately after the Company receives approval of its closure plan, and stock options to purchase 500,000 common shares of the Company at a price of $0.41 for a period of five years (issued).

In addition to the commitments included in the table above, the Company has the following contingent commitments:

- On June 6, 2019, the Company entered into a service agreement with Maximos Metals Corp. ("Maximos") by which Maximos provided technical data in respect to the Sugar Zone property. Upon receiving the technical data, the Company issued 1,000,000 options to Maximos on July 4, 2019. The options have a term of five years and an exercise price of $0.27 per common shares. Such options will vest and become exercisable upon satisfaction of the following conditions:
    - 50,000 options vested immediately upon the Company receiving the technical data;
    - 250,000 options will vest upon the discovery of economic mineralization on one or more Maximos targets; and
    - 700,000 options will vest upon preparation of an executed resource report, outlining resources totaling at least 500,000 Au equivalent ounces.

- The Company also granted Maximos a bonus option grant under certain circumstances. Under the terms of the Maximos agreement, Maximos is entitled to a bonus grant of 10 million options, priced at market at the time and with a term of 5 years. Such bonus grant is conditional on an economic report on one of the Maximos targets within a 10 year period that has an in situ undiscounted net smelter return value in excess of US $300 million.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

FINANCIAL INSTRUMENTS, CRITICAL ACCOUNTING ESTIMATES AND NEW AND REVISED IFRSs

The discussion and analysis of the Company's financial condition and results of operations are based upon its financial statements which have been prepared in accordance with IFRS. The preparation of financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates under different assumptions or conditions.

The impact of financial instruments and areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are discussed in more detail in the Company's audited annual financial statements for the years ended December 31, 2019 and 2018, which are available on the Company's website at www.hartegold.com and SEDAR at www.sedar.com.

The Company adopted IFRS 16, Leases ("IFRS 16"), effective January 1, 2019 IFRS 16 introduces new or amended requirements with respect to lease accounting. IFRS 16 introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement date for all leases, except for short-term leases and leases of low-value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The Company is the lessee in contractual arrangements that contain a lease.

The new definition of a lease mainly relates to the incorporation of the concept of control. IFRS 16 determines whether a contract contains a lease based on whether the customer has the right to control the use of an identified asset for a period of time, in exchange for consideration. The Company reassessed relevant contractual arrangements that existed at January 1, 2019 to determine if they contain a lease. IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, Leases ("IAS 17"), which were previously off-balance sheet. On transition, the Company elected to measure all right-of-use assets at an amount equal to the lease liability.

At adoption of the new standard, the Company solely held short-term leases and leases of low-value assets, which are exempt from the standard.

The Company has applied IFRS 16 using the modified retrospective approach. Under this approach, the Company has not restated prior period comparative information.

As a result of the adoption of IFRS 16, the Company adopted the following policy:

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease, based on, among other variables, whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration (a "right-of-use" asset).

The Company recognizes the right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made before or at the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, or to restore it, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, then the Company is to use its incremental borrowing rate at the commencement date. The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments, estimates and assessments of extensions or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

As of January 1, 2019, the Company has also adopted IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23"), which did not have an impact on its financial statements.

The Company has reviewed new or revised accounting pronouncements that have been issued but are not yet effective and determined that none of them would be expected to have a material impact on the Company.

RELATED PARTY TRANSACTIONS

Transactions with Appian

Appian is a related party as a result of its 24.45% ownership interest in Harte Gold's shares at December 31, 2019 and Appian's right to appoint two directors to the Board. No amounts were owing to Appian at December 31, 2019 or 2018. The Company has entered into several funding transactions with Appian, as further described under *Liquidity and Capital Resources* above.

Transactions with Global Atomic Corporation and Management contracts

Management services by certain of the Company's officers were provided on a contract basis in 2019, either directly or through corporate entities related to such officers. Additionally, the Company shared its premises and the costs of certain support personnel with Global Atomic Corporation and reimbursed Global Atomic Corporation for its share. 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. During 2019, Global Atomic Corporation charged the Company $0.2 million for the shared premises and support personnel and $0.1 million was due to Global Atomic Corporation at December 31, 2019. During 2018, the Company charged Global Atomic Corporation $0.1 million for the shared premises and support personnel and $0.2 million was due from Global Atomic Corporation at December 31, 2018.

RISKS AND UNCERTAINTIES

Mineral exploration, development and operation of mining properties 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

The Company is currently facing risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions. The Company's business could be adversely impacted by the effects of the coronavirus or other epidemics. In December 2019, a novel strain of the coronavirus emerged in China and the virus has now spread to several other countries, including Canada, and infections have been reported globally. The extent to which the coronavirus impacts the Company's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. In particular, the continued spread of the coronavirus globally could materially and adversely impact the Company's business including without limitation, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, restrictions to its project development, restrictions to its drill program and/or the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Company's control, which may have a material and adverse effect on the its business, financial condition and results of operations. There can be no assurance that the Company's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs / insurance premiums as a result of these health risks. In addition, a significant outbreak of coronavirus could result in a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the demand for precious metals and our future prospects.

Additional risks and uncertainties are discussed in greater detail in the Company's Annual Information Form available on www.SEDAR.com.

NON-IFRS MEASURES

The Company uses certain non-IFRS measures in the MD&A as defined below. In the gold mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers as they have no standardized meaning under IFRS. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance, profitability and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Mine Earnings Before Interest, Taxes, Depreciation and Amortization ("Mine EBITDA")

Mine EBITDA is an-IFRS measure, does not have a standardized meaning prescribed by IFRS and may not be comparable to similar terms and measures presented by other issuers. EBITDA comprises earnings before income taxes, interest expense (income) and financing expense (income), amortization expense, foreign exchange loss (gain), hedging loss (gain) and other expenses including management fees, sales commissions; gain on sale of property, plant and equipment and impairment charges.

Certain investors use Mine EBITDA in addition to conventional measures prepared in accordance with IFRS as an indicator to the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations and fund capital expenditures.

A reconciliation of Mine EBITDA is provided below:

Figures in C$ 000	**Mar 31**	**Jun 30**	**Sep 30**	**Dec 31**	**FY 2019**
Net revenues	7,983	12,085	14,777	14,910	49,755
Royalties	(124)	(264)	(300)	(810)	(1,498)
Revenues net of royalties	**7,859**	**11,821**	**14,477**	**14,100**	**48,257**
Mining costs	(4,459)	(5,122)	(5,440)	(6,260)	(21,280)
Milling costs	(2,686)	(2,583)	(2,548)	(2,847)	(10,664)
Site indirect costs	(3,473)	(3,354)	(3,521)	(3,292)	(13,640)
Inventory Changes	277	1,968	(3,630)	210	(1,175)
Mine EBITDA	**(2,482)**	**2,730**	**(661)**	**1,910**	**1,497**

Cash Cost Per Ounce Sold ("Cash Cost") and All In Sustaining Cash Cost Per Ounce Sold ("AISC")

Cash Cost and AISC are common financial performance measure in the gold mining industry that does not have a standard meaning under IFRS. The Company reports total Cash Costs on a per ounce of gold produced basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as costs of sales and cash flows from operating activities, certain investors use this information to evaluate the Company's performance and ability to generate operating income and cash flow from its mining operations. Management uses this metric as an important tool to monitor operating costs and all-in costs.

A reconciliation of Cash Cost and AISC is provided below.

Cash Cost and AISC Reconciliation

Figures in C$ 000, unless otherwise noted	FY 2019	Cost (US$/oz)
Treatment and refining costs	1,214	$33
Royalties and selling expenses	1,498	$41
Mining costs	21,280	$584
Milling costs	10,664	$293
Site indirect costs	13,640	$375
Cash Costs	**48,297**	**$1,326**
Management and consulting fees	1,462	$40
Salaries, benefits and directors fees	1,008	$28
Severance pay	900	$25
Legal fees	794	$22
Office and general	550	$15
Shareholders' information	317	$9
Travel & Accommodations	210	$6
Total Corporate Costs	5,242	$144
Mine development costs	18,293	$502
Plant and equipment additions	3,892	$107
Total Costs (AISC)	**75,724**	**$2,079**

Gold ounces produced	27,316
FX Rate	0.75
Cost Statistics (in dollars)	
Cash Cost (US$/oz)	1,326
AISC (US$/oz)	2,079

OUTSTANDING SHARE DATA AS OF MARCH 25, 2020

Issued and outstanding common shares	846,207,227
Share purchase warrants	26,581,707
Stock options	51,274,605
Restricted share units	3,750,000
Deferred share units	5,000,000
Total	**932,813,539**

In 2019, the Company also established a DSU plan for directors and a RSU plan for officers and employees. The DSU and RSU plans are subject to shareholder approval. No shares shall be issued until the Company receives shareholder approval of the RSU and DSU Plans. Shareholders are expected to approve the plans at the Company's Annual General Meeting in June 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of its President and Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of Harte Gold's internal controls over financial reporting and disclosure controls and procedures as at December 31, 2019. In making this evaluation, management used the criteria set forth in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, the Company's President and Chief Executive Officer and Chief Financial Officer concluded that, as at December 31, 2019, the Company's internal controls over financial reporting and disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported within the appropriate time periods. There was no change in the Company's internal controls over financial reporting that occurred during the year ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

The Company's management, including the President and Chief Executive Officer and the Chief Financial Officer, does not expect that its internal controls over financial reporting and disclosure controls and procedures will prevent or detect all errors and frauds. A cost-effective system of internal controls, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

QUALIFIED PERSON

The scientific and technical disclosure in this MD&A have been reviewed and approved by Dr. Martin Raffield and David Stevenson, M.Sc. and P.Geo., who are both a "qualified person" under National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101").

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

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 Gold to fund the capital and operating expenses necessary to achieve the business objectives of Harte Gold, 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 mineral "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the mineral 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 document 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.

March 25, 2020

"Sam Coetzer"

Sam Coetzer
President and CEO

"Graham du Preez"

Graham du Preez
Chief Financial Officer