



UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011

Harte Gold Corp.
 (An Exploration Stage Company)
Condensed Statement of Financial Position as at
(unaudited)

Canadian dollars	September 30, 2011	December 31, 2010
Assets		
Current Assets		
Cash (note 4)	\$ 2,682,441	\$ 4,108,856
Receivables (note 5)	228,358	243,932
Subscription receivable	-	304,500
Prepays	10,841	6,323
	2,921,640	4,663,611
Property and Equipment (note 6)	95,073	83,140
Exploration and Evaluation Expenditures (note 7)	11,357,906	8,183,187
	\$ 14,374,619	\$ 12,929,938
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 8)	1,058,322	1,181,837
Flow-through share premium (note 9)	101,625	547,571
	\$ 1,159,947	\$ 1,729,408
Shareholder's Equity		
Capital stock (notes 10 & 12)	22,304,906	20,530,610
Other reserves (note 13)	2,511,755	2,070,029
Deficit	(11,601,989)	(11,400,109)
	13,214,672	11,200,530
	\$ 14,374,619	\$ 12,929,938

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.
(An Exploration Stage Company)
Condensed Statements of Operations and Comprehensive Loss and Deficit
(unaudited)

Canadian dollars	Three Months Ended		Nine Months Ended	
	Sept 30, 2011	Aug 31, 2010	Sept 30, 2011	Aug 31, 2010
Revenue				
Interest & other income	\$ 5,486	\$ -	\$ 14,697	\$ 86
Expenses				
Management and consulting fees (note 15)	\$ 60,000	\$ 70,000	\$ 182,850	\$ 157,500
Promotion and travel	2,452	1,720	6,129	7,085
Office and general	39,978	29,294	111,832	46,942
Professional fees	12,640	9,626	72,036	44,516
Stock-based compensation (note 11)	106,894	979,040	190,539	986,825
Amortization	142	2,642	426	2,642
Shareholders' information	45,950	63,250	198,513	98,506
Part XII.6 interest and penalties (note 17)	-	-	1,823	-
Flow-through share premium (note 9)	-	-	(547,571)	(128,951)
	\$ 268,056	\$ 1,155,572	\$ 216,577	1,215,065
Loss and comprehensive loss before income taxes	(262,570)	(1,155,572)	(201,880)	(1,214,979)
Net Income (Loss) and Comprehensive Income (Loss)	\$ (262,570)	\$ (1,155,572)	\$ (201,880)	\$ (1,214,979)
Deficit beginning of period	(11,339,419)	(9,696,969)	(11,400,109)	(9,637,562)
Deficit end of period	\$ (11,601,989)	\$ (10,852,541)	\$ (11,601,989)	\$ (10,852,541)
Net Income (Loss) per share - basic and fully diluted	\$ (0.002)	\$ (0.009)	\$ (0.001)	\$ (0.010)
Weighted average number of shares outstanding				
- Basic	142,512,563	127,350,172	142,556,683	119,996,507

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Harte Gold Corp.
(An Exploration Stage Company)
Condensed Statements of Cash Flow
(unaudited)

Canadian dollars	Three Months Ended		Nine Months Ended	
	30-Sep-11	31-Aug-10	30-Sep-11	31-Aug-10
Operations				
Net income (loss)	\$ (262,570)	\$ (1,155,572)	\$ (201,880)	\$ (1,214,979)
Adjustments to reconcile net income (loss) to cash flow from operating activities:				
Amortization	142	2,642	426	2,642
Stock-based compensation	106,894	979,040	190,539	986,825
Flow-through share premium	-	-	(547,571)	(128,951)
	(155,534)	(173,890)	(558,486)	(354,463)
Net changes in non-cash working capital items:				
Prepays	(3,934)	-	(4,518)	-
Shares to be issued	(753,000)	(620,000)	-	-
Subscription receivable	-	-	304,500	-
Receivables	(130,265)	(51,187)	15,575	(82,406)
Accounts payable and accrued liabilities	224,579	(124,068)	(123,516)	(31,924)
	(818,154)	(969,145)	(366,445)	(468,793)
Financing				
Cost of share issuances (cash)	(39,270)	(67,381)	(39,827)	(263,692)
Issuance of shares/units	1,095,000	1,394,500	1,095,000	5,975,534
Issuance of Corona shares	-	-	-	1,352,913
Issuance of Halverson shares	-	7,250	19,000	7,250
Exercise of warrants	168,750	107,418	777,600	133,358
Exercise of options	7,500	180,000	15,000	240,000
	1,231,980	1,621,787	1,866,773	7,445,363
Investing				
Property and equipment	(4,106)	(52,168)	(26,590)	(52,168)
Additions to exploration and evaluation expenditures	(1,112,299)	(296,182)	(2,900,153)	(4,271,586)
	(1,116,405)	(348,350)	(2,926,743)	(4,323,754)
Net increase (decrease) in cash	(702,579)	304,292	(1,426,415)	2,652,816
Cash, beginning of period	3,385,020	2,377,690	4,108,856	29,166
Cash, end of period	\$ 2,682,441	\$ 2,681,982	\$ 2,682,441	\$ 2,681,982

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

Canadian dollars	Common Shares		Warrants		Subtotal	Other Reserves	Deficit	Total Shareholders' Equity
	#	\$	#	\$				
December 1, 2009	53,892,768	10,161,956	4,023,499	159,160	10,321,116	881,275	(9,637,562)	1,564,829
Issued as a result of:								
Private placements	62,189,624	4,983,758	21,371,000	991,776	5,975,534			5,975,534
Flow-through premium		(510,273)			(510,273)			(510,273)
Share issuance costs		(449,238)	2,421,212	185,546	(263,692)			(263,692)
Issued to Corona	11,511,638	1,352,913			1,352,913			1,352,913
Issued to Halverson	50,000	7,250			7,250			7,250
Exercise of warrants	898,065	190,498	(821,285)	(56,940)	133,558			133,558
Exercise of options	1,600,000	317,270			317,270	(77,270)		240,000
Expiration of warrants			(779,500)	(2,121)	(2,121)	2,121		-
Stock options granted					-	986,825		986,825
Reclassification				(64,242)	(64,242)	64,242		-
Net gain (loss) for the period							(1,214,979)	(1,214,979)
September 30, 2010	130,142,095	16,054,134	26,214,926	1,213,179	17,267,313	1,857,193	(10,852,541)	8,271,965
Issued as a result of:								
Private placements	3,296,333	2,472,250		-	2,472,250			2,472,250
Flow-through premium		(166,250)			(166,250)			(166,250)
Share issuance costs		(57,649)	39,920	12,452	(45,197)			(45,197)
Exercise of warrants	5,807,990	1,142,680	(5,884,770)	(321,240)	821,440			821,440
Exercise of options	500,000	116,812			116,812	(41,812)		75,000
Stock options granted						318,890		318,890
Reclassification	(103)			64,242	64,242	(64,242)		-
Net gain (loss) for the period							(547,568)	(547,568)
December 31, 2010	139,746,315	19,561,977	20,370,076	968,633	20,530,610	2,070,029	(11,400,109)	11,200,530
Issued as a result of:								
Private placements	2,737,500	1,095,000			1,095,000			1,095,000
Flow-through premium		(101,625)			(101,625)			(101,625)
Exercise of warrants	3,791,248	944,739	(3,791,248)	(167,139)	777,600			777,600
Share issuance costs		(52,152)	93,000	12,325	(39,827)			(39,827)
Warrants expired		(52)	(857)		(52)	52		-
Exercise of options	100,000	24,200			24,200	(9,200)		15,000
Issued to Halverson	50,000	19,000			19,000			19,000
Stock options granted						450,874		450,874
Net gain (loss) for the period							(201,880)	(201,880)
September 30, 2011	146,425,063	21,491,087	16,670,971	813,819	22,304,906	2,511,755	(11,601,989)	13,214,672

Harte Gold Corp.
(An Exploration Stage Company)
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For the Nine Months Ended September 30, 2011
(unaudited)

1. CORPORATE INFORMATION

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

The Company is engaged in the acquisition, exploration and development of mineral resource properties with a focus on gold properties located in the Province of Ontario, Canada, and currently owns interests in two advanced exploration projects: the Sugar Zone Property, 60 km east of the Hemlo area gold mines, located on the north shore of Lake Superior and the Stoughton-Abitibi Property (formerly Stoughton-Porcupine), 110 km east of Timmins and 50 km north east of Kirkland Lake. On the basis of information to date, the Company has not yet determined whether these mineral properties contain economically recoverable reserves.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

The financial statements for the year ending December 31, 2011 will be the first annual financial statements the Company prepares in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB"). Previously, the Company prepared its annual and interim financial statements in accordance with generally accepted accounting principles in Canada ("Canadian GAAP"). These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the IASB.

For a summary of the Company's significant accounting policies under IFRS, refer to note 3 to the Company's Interim Financial Statements for the three months ended March 31, 2011. These accounting policies have been applied consistently to all periods presented. An explanation of the effect of IFRS adoption on the Company's interim financial statements for the three and nine months ended August 31, 2010 is provided in note 20. For a summary of the effect of IFRS adoption on the Company's statement of financial position as at December 1, 2009 and December 31, 2010, refer to note 22 of the Company's Interim Financial Statements for the three months ended March 31, 2011.

These condensed interim financial statements do not include all disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's financial statements and notes thereto included in the Company's Annual Report for the thirteen months ended December 31, 2010 and the Company's condensed interim financial statements for the three months ended March 31, 2011.

The management of Harte prepared these unaudited condensed interim financial statements, which were then reviewed by the Audit Committee and the Board of Directors. The unaudited condensed interim financial statements were authorized for issue by the Board of Directors on November 14, 2011.

(b) Going Concern of Operations

Management of the Company believes that it has sufficient funds to continue operating at the current levels for the ensuing twelve months. In assessing whether the going concern assumption is appropriate, management considered among other things, that the Company will not generate revenue from operations in the near term, the Company recorded a net loss of \$262,570 during the three months ended September 30, 2011 and, as of that date, the Company's deficit was \$11,601,989. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of its properties. The Company

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will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance that it will be able to do so in the future.

(c) Change of Year End

In 2010, the Company changed its year end from November 30th to December 31st. Accordingly, the statement of operations and comprehensive loss and deficit and the statement of cash flow showed a 13 month period ended December 31, 2010. The condensed interim financial statements for the three and nine months ended September 30, 2011 are therefore presented with a comparable previous quarterly period of the three and nine months ended August 31, 2010.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the Company's interim financial statements for the 3 months ended March 31, 2011.

4. CASH AND CASH EQUIVALENTS

Assets	September 30, 2011	December 31, 2010
Cash	\$ 668,918	\$ 4,108,856
Liquid short term investment	2,013,523	-
	\$ 2,682,441	\$ 4,108,856

5. RECEIVABLES

	September 30, 2011	December 31, 2010
GST/HST receivable	\$ 227,358	\$ 242,355
Misc. receivables	1,000	1,577
Total accounts receivable	\$ 228,358	\$ 243,932

6. PROPERTY AND EQUIPMENT

	Office Equipment		Site Vehicles (1)		Net
	Cost	Amortization	Cost	Amortization	
December 31, 2009	-	-	-	-	-
Additions	2,102	202	87,336	6,096	83,140
December 31, 2010	2,102	202	87,336	6,096	83,140
Proceeds on disposition			254	(794)	1,048
Additions	5,467	870	20,075	13,787	10,885
September 30, 2011	7,569	1,072	107,665	19,089	95,073

1) Amortization on these site vehicles is capitalized to exploration and evaluation assets.

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7. EXPLORATION AND EVALUATION ASSETS

Sugar Zone Property, Hemlo Gold Area

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

The Company presently owns a 49% interest in 326 of the claims (51% of these are owned by Corona Gold Corporation) subject to an option in favour of Harte to acquire the balance (see note 19). Of these, 288 claims are subject to a 3.5% net smelter royalty ("NSR") in favour of the original vendors of the property which can be reduced to 2% through the payment of \$1.5 million.

The Company also holds another option on 3 claims that are subject to a 3% NSR that can be reduced to 1.5% upon payment of \$1.5 million (see note 16).

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

	Nine months ending September 30, 2011	Three months ending September 30, 2011
Opening Balance	8,183,187	10,226,684
Expenditures incurred during the period		
Acquisition costs	154,111	5,610
Drilling	1,251,010	422,597
Geophysics	355,479	58,275
Sampling	3,274	-
Assays	50,685	20,737
Camp costs	360,846	285,750
Direct management/employees	302,520	113,831
Site access	131,407	118,371
Consultants	259,158	66,398
Stock-based compensation	260,336	13,869
Depreciation of vehicles	14,231	5,056
Other costs	31,661	20,727
Total for this period	3,174,718	1,131,221
		-
Closing Balance	11,357,905	11,357,905

Stoughton-Abitibi Property, Timmins Porcupine Gold Area

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

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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 of \$2,756,133 against the Stoughton-Abitibi Property at November 30, 2009.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2011	December 31, 2010
Accounts Payable	591,079	676,730
Accrued Liabilities		
Audit	22,500	32,500
Payroll liabilities	17,318	2,880
Share issue expense	-	42,302
Part XII.6 tax (note 17)	144,125	144,125
Shareholder indemnification (note 17)	283,300	283,300
	467,243	505,107
Total accounts payable and accrued liabilities	1,058,322	1,181,837

9. FLOW-THROUGH LIABILITIES

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

Balance on December 1, 2009	\$ -
Liability incurred on flow-through shares issued December 23, 2009	129,952
Settlement of liability through renouncement in Q1 2010	(129,952)
Liability incurred on flow-through shares issued June 10, 2010	381,321
December 23, 2010	134,720
December 23, 2010	31,530
Balance on December 31, 2010	\$ 547,571
Settlement of liability through renouncement in Q1 2011	(547,571)
Liability incurred on flow-through shares issued July 5, 2011	67,500
July 15, 2011	34,125
Balance on September 30, 2011	\$ 101,625

As at December 1, 2009, the Company had fulfilled its commitments to incur exploration expenditures in relation to flow-through financings in fiscal 2009 (see note 17 in respect of prior flow-through financings).

On December 23, 2009, the Company completed a non-brokered private placement financing of 6,447,624 flow-through shares at a price of \$0.07 per share for gross proceeds of \$451,334. A flow-through share premium of \$129,952 was recorded on this financing. The full amount of the funding was spent prior to December 31, 2010.

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On June 10, 2010, the Company completed a non-brokered private placement financing of 8,000,000 flow-through shares at a price of \$0.125 per share for gross proceeds of \$1,000,000. A flow-through share premium of \$381,321 was recorded on this financing. The full amount of the funding was spent prior to December 31, 2010.

On December 23, 2010, the Company completed a non-brokered private placement financing of 2,245,333 flow-through shares at a price of \$0.75 per share for gross proceeds of \$1,684,000. A flow-through share premium of \$134,720 was recorded on this financing. The full amount of the funding was spent prior to September 30, 2011.

On December 30, 2010, the Company completed a non-brokered private placement financing of 1,051,000 flow-through shares at a price of \$0.75 per share for gross proceeds of \$788,250. A flow-through share premium of \$31,530 was recorded on this financing. The full amount of the funding was spent prior to September 30, 2011.

On July 5, 2011, the Company completed a non-brokered private placement financing of 2,250,000 flow-through shares at a price of \$0.40 per share for gross proceeds of \$900,000. A flow-through share premium of \$67,500 was recorded on this financing.

On July 15, 2011, the Company completed a non-brokered private placement financing of 487,500 flow-through shares at a price of \$0.40 per share for gross proceeds of \$195,000. A flow-through share premium of \$34,125 was recorded on this financing.

10. CAPITAL STOCK

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

Number of shares issued and outstanding.

The issued and outstanding common shares are as follows :

	Nine Months Ended September 30, 2011	Year Ended December 31, 2010
Balance at beginning of period	139,746,315	53,892,768
Opening balance adjustment		(103)
Private placement of common shares		47,742,000
Private placement of flow-through shares	2,737,500	17,743,957
Issuance of shares to Corona		11,511,638
Issuance of shares to Halverson	50,000	50,000
Exercise of warrants	3,791,248	6,706,055
Exercise of stock options	100,000	2,100,000
Balance end of period	146,425,063	139,746,315

On December 23, 2009, the Company issued 4,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$200,000. After fees and other out-of-pocket costs, net proceeds were \$185,766. The costs included 50,000 finder warrants with a fair value of \$1,255.

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On December 23, 2009, the Company issued 6,447,624 flow-through common shares at a price of \$0.07 per share for gross proceeds of \$451,334. After fees and other out-of-pocket costs, net proceeds were \$450,470. The costs included 34,405 finder warrants with a fair value of \$863. An apportionment of proceeds to the flow-through premium liability amounted to \$128,952.

On January 18, 2010, the Company issued 1,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$50,000. After fees and other out-of-pocket costs, net proceeds were \$49,446. The costs included 10,000 finder warrants with a fair value of \$554.

On May 26, 2010, the Company issued 38,797,000 units at a price of \$0.10 per unit for gross proceeds of \$3,879,700. After fees and other out-of-pocket costs, net proceeds were \$3,556,459. The costs included 1,709,336 finder warrants with a fair value of \$172,136. The units comprised one common share and a half warrant and \$902,362 of the proceeds was apportioned to the warrants.

On June 10, 2010, the Company issued 3,945,000 units at a price of \$0.10 per unit for gross proceeds of \$394,500. After fees and other out-of-pocket costs, net proceeds were \$347,667. The costs included 250,264 finder warrants with a fair value of \$21,673. The units comprised one common share and a half warrant and \$89,414 of the proceeds was apportioned to the warrants.

On June 10, 2010, the Company issued 8,000,000 flow-through common shares at a price of \$0.125 per share for gross proceeds of \$1,000,000. After fees and other out-of-pocket costs, net proceeds were \$974,304. The costs included 124,800 finder warrants with a fair value of \$10,096. An apportionment of proceeds to the flow-through premium liability amounted to \$381,321.

On December 23, 2010, the Company issued 2,245,333 flow-through common shares at a price of \$0.75 per share for gross proceeds of \$1,684,000. After fees and other out-of-pocket costs, net proceeds were \$1,668,368. The costs included 8,900 finder warrants with a fair value of \$2,776. An apportionment of proceeds to the flow-through premium liability amounted to \$134,720.

On December 30, 2010, the Company issued 1,051,000 flow-through common shares at a price of \$0.75 per share for gross proceeds of \$788,250. After fees and other out-of-pocket costs, net proceeds were \$749,129. The costs included 31,020 finder warrants with a fair value of \$9,675. An apportionment of proceeds to the flow-through premium liability amounted to \$31,530.

On July 5, 2011, the Company issued 2,250,000 flow-through shares at a price of \$0.40 per share for gross proceeds of \$900,000. After fees and other out-of-pocket costs, net proceeds were \$859,508. The costs included 71,125 finder warrants with a fair value of \$9,972. An apportionment of proceeds to the flow-through premium liability amounted to \$67,500.

On July 15, 2011, the Company issued 487,500 flow-through shares at a price of \$0.40 per share for gross proceeds of \$195,000. After fees and other out-of-pocket costs, net proceeds were \$183,896. The costs included 21,875 finder warrants with a fair value of \$2,354. An apportionment of proceeds to the flow-through premium liability amounted to \$34,125.

11. STOCK OPTION PLAN

The Company has established a stock option plan to provide additional incentive to officers, directors, employees and consultants in their efforts on behalf of the Company in the conduct of its affairs. The terms of the stock option plan provide that the directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant. The number of shares reserved for issuance is not to exceed 10% of the issued and outstanding common shares from time-to-time. At September 30, 2011, the Company had 992,506 (December 31, 2010 – 1,824,631) common shares available for granting of future options.

Under the terms of the plan, options vest immediately unless otherwise determined by the Board, and expire on the fifth anniversary from the date of issue unless otherwise specified. As at September 30, 2011, a total of 13,650,000 options were outstanding under the stock option plan.

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	9 months ended September 30, 2011		13 months ended December 31, 2010	
	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
Outstanding beginning of period	\$ 0.19	12,150,000	\$ 0.15	4,700,000
Transactions during the period:				
Granted	\$ 0.47	1,200,000	\$ 0.15	7,950,000
Granted	\$ 0.40	400,000	\$ 0.20	800,000
Granted			\$ 0.45	500,000
Granted			\$ 0.70	500,000
Exercised	\$ 0.15	(100,000)	\$ 0.15	(2,100,000)
Forfeited			\$ 0.15	(200,000)
Outstanding at end of period	\$ 0.22	13,650,000	\$ 0.19	12,150,000
Exercisable at end of period	\$ 0.20	13,250,000	\$ 0.19	12,150,000

The following table provides additional information regarding stock options outstanding at September 30, 2011.

Grant Date	Exercise price	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
January 27, 2010	\$0.15	0.32	150,000	150,000
February 18, 2009	\$0.15	2.39	3,050,000	3,050,000
May 26, 2009	\$0.15	2.65	250,000	250,000
June 23, 2010	\$0.15	3.73	6,800,000	6,800,000
July 27, 2010	\$0.20	3.82	800,000	800,000
September 28, 2010	\$0.45	3.99	500,000	500,000
November 10, 2010	\$0.70	4.11	500,000	500,000
February 15, 2011	\$0.47	4.38	1,200,000	800,000
July 15, 2011	\$0.40	4.79	400,000	400,000
	\$0.22	3.35	13,650,000	13,250,000

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Stock-based Compensation

The following table summarizes assumptions used with the Black-Scholes valuation model for the determination of stock-based compensation costs for stock options issued during the period ended December 31, 2010 and the nine months ended September 30, 2011:

Grant date	25-Jan-10	24-Jun-10	27-Jul-10	28-Sep-10	10-Nov-10	14-Feb-11	14-Feb-11	15-Jul-11
Number of options	150,000	7,800,000	800,000	500,000	500,000	1,150,000 ¹	50,000 ²	400,000
Exercise price	\$ 0.15	\$ 0.15	\$ 0.20	\$ 0.45	\$ 0.70	\$ 0.47	\$ 0.47	\$ 0.40
Expected life in years	2	5	5	5	5	5	2	5
Volatility	135.69%	108.64%	110.18%	112.27%	112.85%	114.00%	121.96%	112.19%
Risk-free interest rate	1.22%	2.20%	2.29%	1.79%	2.24%	2.36%	1.69%	1.92%
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fair value of options granted	\$ 0.052	\$ 0.092	\$ 0.159	\$ 0.360	\$ 0.554	\$ 0.380	\$ 0.291	\$ 0.257
Stock-based compensation expense	\$ 7,785	\$ 713,700	\$ 127,280	\$ 179,950	\$ 277,000	\$ 437,460	\$ 14,525	\$ 102,960

¹ An aggregate of 775,000 stock options were vested as of September 30, 2011

² 25,000 of these options were vested as of September 30, 2011

12. WARRANTS

As at September 30, 2011 there were 16,670,971 warrants to purchase common shares outstanding. Warrants expire as follows:

	Exercise Price	Warrants	Expiry date
Balance at November 30, 2009		4,023,499	
Expired		(779,500)	
Issued for finder's fee	\$ 0.10	84,405	June 22, 2011
Issued for finder's fee	\$ 0.10	10,000	July 19, 2011
Issued for finder's fee	\$ 0.10	1,709,336	November 25, 2011
Issued for finder's fee	\$ 0.10	250,264	December 9, 2011
Issued for finder's fee	\$ 0.125	124,800	December 9, 2011
Issued for finder's fee	\$ 0.75	39,920	December 30, 2011
Issued	\$ 0.15	19,398,500	November 25, 2011
Issued	\$ 0.15	1,972,500	December 9, 2011
Issued for broker warrants exercised	\$ 0.24	242,407	April 30, 2011
Exercised	\$ 0.10	(1,987,232)	
Exercised	\$ 0.12	(331,433)	
Exercised	\$ 0.125	(110,400)	
Exercised	\$ 0.15	(3,597,500)	
Exercised	\$ 0.24	(679,490)	
Balance at December 31, 2010		20,370,076	
Expired		(857)	
Issued for finder's fee	\$ 0.40	71,125	July 5, 2012
Issued for finder's fee	\$ 0.40	21,875	July 15, 2012
Exercised	\$ 0.15	(1,470,000)	
Exercised	\$ 0.24	(2,321,248)	
Balance at September 30, 2011		16,670,971	

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The following table summarizes assumptions used with the Black-Scholes valuation model for the determination of the value allocated to the warrants issued as part of the unit financings during the nine month period ended September 30, 2011 and year ended December 31, 2010:

Issue date	23-Dec-09	18-Jan-10	26-May-10	26-May-10	10-Jun-10	10-Jun-10
Number of warrants	84,405	10,000	19,398,500	1,709,336 ¹	1,972,500	250,264
Exercise price	\$ 0.10	\$ 0.10	\$ 0.15	\$ 0.10	\$ 0.15	\$ 0.10
Expected life in years	1.5	1.5	1.5	1.5	1.5	1.5
Volatility	146.76%	147.31%	145.89%	145.89%	140.54%	140.54%
Risk-free interest rate	1.37%	1.20%	1.44%	1.44%	1.45%	1.45%
Dividend yield	0%	0%	0%	0%	0%	0%
Fair value of warrants issued	\$ 0.025	\$ 0.055	\$ 0.047	0.088	\$ 0.045	0.087
Fair value assigned to warrants	\$ 2,118	\$ 554	\$ 902,362	\$ 151,105	\$ 89,414	\$ 21,673

Issue date	10-Jun-10	23-Dec-10	30-Dec-10	5-Jul-11	15-Jul-11
Number of warrants	124,800 ¹	8,900	31,020	71,125 ¹	21,875 ¹
Exercise price	\$ 0.125	\$ 0.75	\$ 0.75	\$ 0.400	\$ 0.400
Expected life in years	1.5	1.0	1.0	1.0	1.0
Volatility	140.54%	116.56%	116.56%	104.26%	99.25%
Risk-free interest rate	1.45%	1.68%	1.68%	1.47%	1.47%
Dividend yield	0%	0%	0%	0%	0%
Fair value of warrants issued	0.081	0.312	0.312	0.140	0.108
Fair value assigned to warrants	\$ 10,096	\$ 2,776	\$ 9,675	\$ 9,972	\$ 2,354

¹ Finder's warrants

The expiry dates of warrants outstanding as of September 30, 2011 are as follows:

Expiry date	Number of warrants outstanding	Exercise price
November 25, 2011	15,278,500	\$ 0.15
November 25, 2011	138,736	\$ 0.10
December 9, 2011	920,000	\$ 0.15
December 9, 2011	186,884	\$ 0.10
December 9, 2011	13,931	\$ 0.13
December 22, 2011	8,900	\$ 0.75
December 30, 2011	31,020	\$ 0.75
July 5, 2012	71,125	\$ 0.40
July 15, 2012	21,875	\$ 0.40
	16,670,971	\$ 0.15

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13. OTHER RESERVES

	3 months ended 30-Sep-11	9 months ended 30-Sep-11
Balance beginning of period	2,395,593	2,070,029
Stock-based compensation expense (note 11)	120,762	450,874
Fair value assigned to options exercised (note 11)	(4,600)	(9,200)
Fair value assigned to expired warrants	-	52
Balance end of period	2,511,755	2,511,755

14. INCOME/LOSS PER SHARE

The calculation of the basic earnings per share for the nine months ended September 30, 2011 was based on the loss attributable to common shareholders of \$201,880 (loss for the nine months ended August 31, 2010 - \$964,979) and a weighted average number of common shares outstanding of 142,556,683 (August 31, 2010 – 119,996,507).

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

Loss for the nine months ended September 30, 2011 divided by weighted average number of common shares outstanding is equal to \$0.001 per share.

BASIC

Numerator	\$201,880
Denominator	142,556,683
Loss per share	\$0.001

15. RELATED PARTY TRANSACTIONS

Balances and transactions with related parties as at and in the nine months ended September 30, 2011 were as follows:

For 9 months ended September 30, 2011	Amount charged	Outstanding balance
Silvermet Inc.	\$ 44,295	\$ -
Global Atomic Fuels Corp.	46,631	16,725

Amounts due to or from related parties are unsecured, non-interest bearing and due on demand. These are settled on a regular basis.

Transactions with related parties were in the normal course of operations and were measured at the same value as if the transactions had occurred with non-related parties.

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For the period ended September 30, 2011, the Company paid key management personnel, including officers, directors or their related entities for consulting services and/or management services, as follows:

	9 months ended September 30, 2011	13 months ended December 31, 2010
Management and consulting	\$ 180,000	\$ 227,500
Consulting fees included in exploration and evaluation expenditures	67,500	77,500

16. COMMITMENTS

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

- 1) An initial payment of \$10,000 made on March 5, 2010.
- 2) The issuance of that number of common shares equal to 9.9% of the issued and outstanding common shares of Harte as at the date of the Corona Option and after giving effect to the issuance of such shares. Accordingly, the Company issued a total of 11,511,638 common shares to Corona under this condition.
- 3) A \$2 million cash payment on the execution of the Option Agreement.
- 4) A \$90,000 cash payment on or before each sixth month anniversary of the Option Agreement until a final option payment of \$2,500,000 is made on or before the second anniversary or a final option payment of \$3,000,000 is made on or before the third anniversary.

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

On June 28, 2010, the Company entered into an Option Agreement to acquire 3 mining claims contiguous to the 326 claims previously held. To earn a 10% interest in the claims, the Company must make cash payments of \$225,000 over 5 years and incur work commitments of \$300,000 plus issue 200,000 common shares over 3 years. As of June 30, 2011, the remaining fixed commitments are cash of \$160,000 and the issuance of 100,000 common shares. The claims interest is subject to a 3% net smelter return that can be reduced to 1.5% upon payment of \$1,500,000. Additionally, if an economically viable deposit is found, the Company must make advance royalty payments of \$20,000 per year over 5 years or alternatively, may make annual payments of \$20,000 to extend the Option for a further 5 years and complete the purchase of the claims.

In addition to the above commitments, the Company has relatively small contractual commitments to pay rent for office, living and core storage areas in White River, Ontario and for certain access rights to its properties over the next 5 years as follows:

2011 (3 months)	\$ 11,750
2012	\$ 29,500
2013	\$ 12,000
2014	\$ 12,000
2015	\$ 4,000

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17. CONTINGENCIES

Mr. John Ternowesky, a former director of the Company, has filed a Statement of Claim in the amount of \$3,000,000 against the Company in the Ontario Superior Court of Justice. The claim alleges that Mr Ternowesky had provided services as a director and consultant to the Company during the period November 1993 through June 2001. The Company has filed a Statement of Defence and Counterclaim. Management is of the position that the claim by Mr. Ternowesky is without merit as there are no corporate records of any such services or agreements. The Company's Counterclaim is in respect of Mr. Ternowesky's breach of his duties as a director in respect of flow-through share issuances (see below) and seeks damages in the amount of \$750,000 plus a discharge of any royalties owing to Mr. Ternowesky. (Mr. Ternowesky holds a portion of the royalties on Sugar Zone Property – see note 7).

Pursuant to a 2009 audit by the Canada Revenue Agency ("CRA") of 2003 exploration expenses, current management conducted a review of expenditures incurred and filings made in respect of flow-through share issuances during the period 2003 – 2008. This review uncovered issues related to the use of flow-through funds, timing of expenditures and other related compliance matters. The Company has filed the required documents with CRA related to the issuance of flow-through common shares during this period and 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.

In addition to the Counterclaim against Mr. Ternowesky as noted above, the Company has filed a claim in respect of the CRA liabilities for previous flow-through issuances against the former directors and officers of the Company that were retained, employed or otherwise engaged by the Company during the relevant period.

18. OPERATING SEGMENT

The Company is engaged in the exploration and evaluation of properties for the mining of precious metals in Canada. The present focus of the Company is entirely on its Sugar Zone Property. The corporate office operates to support the field work being carried out on the Sugar Zone Property. As a result, the Company operates in one reportable operating segment.

19. INTERNATIONAL FINANCIAL REPORTING STANDARDS

For all periods up to and including the 13 months ended December 31, 2010, the Company prepared its financial statements in accordance with Canadian GAAP. The financial statements for the year ended December 31, 2011 will be the Company's first annual financial statements using IFRS.

These condensed interim financial statements, including the comparative information, have been prepared using accounting policies set out in note 3 to the Company's Unaudited Interim Financial Statements for the 3 months ended March 31, 2011. Refer to those Unaudited Interim Financial Statements for detailed information on the Company's IFRS transition, including exemptions and elections made under IFRS 1, First-time Adoption of International Financial Reporting Standards, additional annual disclosures required under IFRS for the 13 months ended December 31, 2010, as well as how the transition from Canadian GAAP to IFRS affected the Company's statement of financial position at

December 1, 2009 and December 31, 2010 and the Company's statement of operations and comprehensive loss and deficit for the 13 months ended December 31, 2010.

The only change that required a reconciliation between previous Canadian GAAP and IFRS relates to the treatment of flow-through shares issued. Under pre-changeover Canadian GAAP, the entire proceeds from the issuance of flow-through shares were recognized in equity, less the tax effects of renunciation. Under IFRS, on the issuance of flow-through shares, the Company bifurcates the flow-through share into (1) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and (2) share

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capital. Upon expenses being incurred and renounced, the Company derecognizes the liability. The premium is recognized as other income.

The following tables show how the transition from Canadian GAAP to IFRS has affected the Company's financial position at December 31, 2010 and the statement of operations and comprehensive loss and deficit for the 9 months ended August 31, 2010.

Reconciliation of Equity – Comparative and Transition Balance Sheets.

Canadian dollars	August 31, 2010			December 31, 2010		
	Pre-transition Canadian GAAP	Effect of Transition	IFRS	Pre-transition Canadian GAAP	Effect of Transition	IFRS
Assets						
Current Assets						
Cash	\$ 2,681,982		\$ 2,681,982	\$ 4,108,856		\$ 4,108,856
Receivables	76,299		76,299	243,932		243,932
Subscription receivable	-		-	304,500		304,500
Prepays	7,087		-	6,323		6,323
	2,765,368		2,765,368	4,663,611		4,663,611
Property and Equipment	49,526		49,526	83,140		83,140
Exploration and Evaluation Expenditures	6,381,355		6,381,355	8,183,187		8,183,187
	\$ 9,196,249		\$ 9,196,249	\$ 12,929,938		\$ 12,929,938
Liabilities						
Current Liabilities						
Accounts payable and accrued liabilities	543,162		543,162	1,181,837		1,181,837
Flow-through share premium	-	381,121	381,121	-	547,571	547,571
	\$ 543,162	\$ 381,121	\$ 924,283	\$ 1,181,837	\$ 547,571	\$ 1,729,408
Shareholder's Equity						
Capital stock	16,201,374	1,065,939	17,267,313	20,125,666	404,944	20,530,610
Other reserves	3,070,371	(1,213,178)	1,857,193	3,038,662	(968,633)	2,070,029
Deficit	(10,618,658)	(233,882)	(10,852,540)	(11,416,227)	16,118	(11,400,109)
	8,653,087	(381,121)	8,271,966	11,748,101	(547,571)	11,200,530
	\$ 9,196,249	\$ -	\$ 9,196,249	\$ 12,929,938	\$ -	\$ 12,929,938

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Reconciliation of Profit and Loss for the three and nine months ended August 31, 2010.

Canadian dollars	Three months ended Aug 31, 2010			Nine months ended Aug 31, 2010		
	Pre-transition Canadian GAAP	Effect of Transition	IFRS	Pre-transition Canadian GAAP	Effect of Transition	IFRS
Revenue						
Interest Income	\$ -		\$ -	\$ 86		\$ 86
Expenses						
Management and consulting fees	70,000		70,000	157,500		157,500
Promotion and travel	1,720		1,720	7,085		7,085
Office and general	29,294		29,294	46,942		46,942
Professional fees	9,626		9,626	44,516		44,516
Stock-based compensation	979,040		979,040	986,825		986,825
Shareholders' information	63,250		63,250	98,506		98,506
Amortization	2,642		2,642	2,642		2,642
Flow-through share premium	(250,000)	250,000	-	(362,833)	233,882	(128,951)
	905,572	250,000	1,155,572	981,183	233,882	1,215,065
Income (Loss) and comprehensive loss before income taxes	(905,572)	(250,000)	(1,155,572)	(981,097)	(233,882)	(1,214,979)
Net Income (Loss) and Comprehensive Loss	\$ (905,572)	\$ (250,000)	\$ (1,155,572)	\$ (981,097)	\$ (233,882)	\$ (1,214,979)
Deficit beginning of period	(9,713,087)	\$ 16,118	(9,696,969)	(9,637,562)		(9,637,562)
Deficit end of period	\$ (10,618,659)	\$ (233,882)	(10,852,541)	\$ (10,618,659)	-\$ 233,882	(10,852,541)
Net Income (loss) per share - basic and fully diluted	\$ (0.007)		\$ (0.009)	\$ (0.008)		\$ (0.010)
Weighted average number of shares outstanding - Basic	127,350,172		127,350,172	119,996,507		119,996,507

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Reconciliation of Cash Flow Statements for the three and nine months ended August 31, 2010.

Canadian dollars	Three months ended Aug 31, 2010			Nine months ended Aug 31, 2010		
	Pre-transition Canadian GAAP	Effect of Transition	IFRS	Pre-transition Canadian GAAP	Effect of Transition	IFRS
Operations						
Net income (loss)	\$ (905,572)	\$ (250,000)	(1,155,572)	\$ (981,097)	\$ (233,882)	(1,214,979)
Adjustments to reconcile net income (loss) to cash flow from operating activities:						
Amortization	2,642		2,642	2,642		2,642
Stock-based compensation	979,040		979,040	986,825		986,825
Flow-through share premium	(250,000)	250,000	-	(362,833)	233,882	(128,951)
	(173,890)	-	(173,890)	(354,463)	-	(354,463)
Net changes in non-cash working capital items:						
Shares to be issued	(620,000)		(620,000)	-		-
Receivables	(51,187)		(51,187)	(82,406)		(82,406)
Accounts payable and accrued liabilities	(124,068)		(124,068)	(31,924)		(31,924)
	(969,145)		(969,145)	(468,793)		(468,793)
Financing						
Cost of share issuances	(67,381)		(67,381)	(263,692)		(263,692)
Issuance of shares/units	1,394,500		1,394,500	5,975,534		5,975,534
Issuance of Corona shares	-		-	1,352,913		1,352,913
Issuance of Halverson shares	7,250		7,250	7,250		7,250
Exercise of warrants	107,418		107,418	133,558		133,558
Exercise of options	180,000		180,000	240,000		240,000
	1,621,787		1,621,787	7,445,563		7,445,563
Investing						
Property and equipment	(52,168)		(52,168)	(52,168)		(52,168)
Additions to exploration and evaluation expenditures	(296,182)		(296,182)	(4,271,586)		(4,271,586)
	(348,350)		(348,350)	(4,323,754)		(4,323,754)
Net increase (decrease) in cash	304,292		304,292	2,653,016		2,653,016
Cash, beginning of period	2,377,690		2,377,690	29,166		29,166
Cash, end of period	\$ 2,681,982		\$ 2,681,982	\$ 2,682,182		\$ 2,682,182