HARTE
GOLD CORP

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 and 2018

Management's Comments on Unaudited Condensed Interim Financial Statements

The accompanying unaudited condensed interim financial statements of Harte Gold Corp. (the "Company" or "Harte") for the three and six months ended June 30, 2019 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

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

August 14, 2019

"Stephen G. Roman"	"Rein A. Lehari"
Stephen G. Roman	Rein A. Lehari
Chairman, President and CEO	Chief Financial Officer

Harte Gold Corp.

Statements of Financial Position as at

(Unaudited)

Canadian dollars		June 30, 2019		December 31, 2018
Assets				
Current Assets				
Cash and cash equivalents	**$**	**3,921,958**	$	7,293,216
Receivables (note 5)		**3,143,597**		2,351,478
Inventories (note 6)		**5,806,566**		-
Prepaids		**170,390**		3,074,686
		13,042,511		12,719,380
Long Term Assets				
Restricted cash (note 4)		**-**		500,000
Plant and equipment (note 7)		**114,110,829**		100,939,764
Exploration and evaluation expenditures		**-**		12,087,814
	$	**127,153,340**	$	126,246,958
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities (note 8)	**$**	**20,529,499**	$	23,614,991
Short-term debt (note 9)		**-**		28,216,768
Long-term debt classified as current (note 10)		**-**		42,499,758
Production payment liability (note 10)		**-**		5,250,328
Current portion of long-term debt (note 12)		**4,365,419**		198,333
Flow-through share premium (note 13)		**-**		1,702,281
		24,894,918		101,482,459
Long Term Liabilities				
Long-term debt (note 12)		**89,241,199**		418,334
Derivative financial instrument liability (note 20)		**10,570,937**		-
Environmental rehabilitation provision (note 11)		**5,020,340**		4,783,587
Total Liabilities		**129,727,394**		106,684,380
Shareholders' Equity				
Capital stock and warrants (notes 14 & 16)		**154,929,244**		141,012,949
Other reserves		**17,056,664**		13,854,726
Deficit		**(174,559,962)**		(135,305,097)
		(2,574,055)		19,562,578
	$	**127,153,339**	$	126,246,958

Commitments – see note 22
Subsequent events – see note 23

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.

Condensed Statements of Operations and Comprehensive Loss
For the Three and Six Months Ended June 30, 2019

(unaudited)

Canadian dollars	Three Months Ended June 30, 2019	June 30, 2018 (as restated) (note 3)	Six Months Ended June 30, 2019	June 30, 2018 (as restated) (note 3
Revenue (note 17)	**$ 11,821,413**	$ -	**$ 19,680,292**	$ -
Production costs (note 18)	**(9,090,735)**	-	**(19,512,877)**	-
Depreciation and depletion	**(3,774,567)**	-	**(6,858,718)**	-
Mine operating loss	**(1,043,889)**	$ -	**(6,691,303)**	$ -
Corporate expenses	**886,359**	566,713	**1,791,002**	1,246,482
Exploration and evaluation expenses	**1,699,144**	6,388,141	**3,831,900**	13,992,832
Share-based payments (note 15)	**121,669**	192,135	**3,464,923**	4,465,241
Amortization	**1,511**	1,510	**3,021**	3,021
Operating earnings loss	**(3,752,572)**	(7,148,499)	**(15,782,149)**	(19,707,576)
Other Expenses (Income)				
Interest income and other income	**(10,285)**	(48,882)	**(14,920)**	(61,439)
Flow-through share premium (note 13)	**-**	-	**(1,702,281)**	(1,173,838)
Loss on loan termination (note 10)	**10,426,717**	-	**10,426,717**	-
Loss on production payment liability (note 10)	**112,504**	-	**1,184,036**	-
Interest & accretion expense	**3,132,865**	5,700	**6,507,076**	16,200
Foreign exchange gain	**(2,084,824)**	(14,282)	**(3,498,849)**	(241,104)
Unrealized derivative instrument (gain)/loss (note 20)	**10,570,937**	-	**10,570,937**	-
	22,147,913	(57,464)	**23,472,716**	(1,460,181)
Net Loss and Comprehensive Loss	**$ (25,900,485)**	$ (7,091,035)	**$ (39,254,865)**	$ (18,247,395)
Net loss per share - basic and fully diluted (note 19)	**$ (0.043)**	$ (0.012)	**$ (0.065)**	$ (0.032)
Weighted average number of shares outstanding				
- Basic and diluted (note 19)	**602,884,397**	574,829,413	**601,367,575**	570,674,333

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.

Condensed Statements of Cash Flows
For the Three and Six Months Ended June 30, 2019

(unaudited)

Canadian dollars	Three Months Ended June 30, 2019	 June 30, 2018 (as restated)	Six Months Ended June 30, 2019	 June 30, 2018 (as restated)
Cash provided by (used in):				
Operations				
Net loss	**$ (25,900,485)**	$ (7,091,035)	**$ (39,254,865)**	$ (18,247,395)
Adjustments to reconcile net income (loss) to cash flow from operating activities:				
Depreciation	**3,776,077**	1,510	**6,861,739**	3,021
Share-based payments (note 15)	**121,669**	192,135	**3,464,923**	4,465,241
Flow-through share premium (note 13)	**-**	-	**(1,702,281)**	(1,173,838)
Loss on production payment (note 10)	**112,504**	-	**1,184,036**	-
Loss on loan termination (note 10)	**10,426,717**		**10,426,717**	-
Loan accretion & accrued interest (note 9 & 10)	**2,448,947**	5,700	**5,116,611**	-
Accretion of reclamation obligation (note 11)	**36,757**	-	**74,139**	-
Unrealized foreign exchange gain	**(2,116,016)**	-	**(3,593,170)**	-
Unrealized hedging loss (note 20)	**10,570,937**	-	**10,570,937**	-
	(522,893)	(6,891,690)	**(6,851,214)**	(14,952,971)
Net changes in non-cash working capital items:				
Inventory	**(2,171,891)**	-	**(2,624,550)**	-
Prepaids	**248,174**	70,871	**449,181**	(79,091)
Receivables	**2,365,389**	(899,010)	**(792,120)**	(1,860,117)
Accounts payable and accrued liabilities	**(5,531,452)**	768,425	**(3,085,492)**	(469,913)
	(5,612,673)	(6,951,404)	**(12,904,195)**	(17,362,092)
Financing				
Appian loan repayment (note 9)	**(30,259,275)**	-	**(30,259,275)**	-
Sprott loan repayment, including prepayment penalties (note 10)	**(58,004,745)**	-	**(58,004,745)**	-
Sprott production payment payout (note 10)	**(6,249,842)**	-	**(6,249,842)**	-
Appian loan drawdown (note 9)		26,832,742		26,832,742
Sprott loan drawdown (note 10)	**-**	25,358,076	**6,281,859**	25,358,076
Production payments and other loan expenses	**(207,566)**	-	**(269,561)**	-
BNP loan drawdown (note 12)	**97,041,250**	-	**97,041,250**	-
Fees and expenses (note 12)	**(2,135,668)**	-	**(2,135,668)**	-
Mortgage payments (note 12)	**-**	-	**(60,000)**	(60,000)
Issuance of shares (note 14)	**13,278,000**	-	**13,278,000**	7,653,547
Share issuance costs	**(131,190)**	(120,599)	**(131,190)**	(120,599)
Exercise of options (note 15)	**436,500**	40,000	**506,500**	40,000
Exercise of warrants (note 16)	**-**	1,080,793	**-**	2,085,568
	13,767,464	53,191,012	**19,997,328**	61,789,334
Investing				
Restricted cash	**500,000**	-	**500,000**	-
Plant and equipment additions (note 7)	**(1,161,847)**	(830,847)	**(2,162,556)**	(830,847)
Additions to exploration and evaluation expenditures		(25,169,756)	**-**	(42,676,356)
Mine development costs (note 7)	**(4,285,310)**	-	**(8,801,836)**	-
	(4,947,157)	(26,000,603)	**(10,464,392)**	(43,507,203)
Net increase (decrease) in cash and cash equivalents	**3,207,634**	20,239,005	**(3,371,259)**	920,039
Cash and cash equivalents, beginning of the period	**714,324**	5,470,198	**7,293,216**	24,789,164
Cash and cash equivalents, end of the period	**$ 3,921,958**	$ 25,709,203	**$ 3,921,958**	$ 25,709,203
Cash and cash equivalents includes the following:				
Cash	**$ 3,921,958**	$ 2,670,855	**$ 3,921,958**	**$ 25,709,203**
Guaranteed investment certificates	**-**	23,038,348	**-**	-
	$ 3,921,958	$ 25,709,203	**$ 3,921,958**	**$ 25,709,203**
Supplemental cash flow information:				
Interest paid on Secured Note	**$ -**	$ -	**$ -**	
Shares issued for property acquisitions	**-**	-	**-**	
	$ 3,921,958	$ 25,709,203	**$ 3,921,958**	$ 25,709,203

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.

Condensed Statements of Changes in Shareholders' Equity
(unaudited)

Canadian dollars	Capital Stock (Note 14) # of common shares	$	Warrants (Note 16) #	$	Subtotal $	Other Reserves $	Deficit $	Total Shareholders' Equity $
December 31, 2017	**549,807,654**	**118,105,416**	**22,064,853**	**1,901,088**	**120,006,504**	**8,083,435**	**(95,432,797)**	**32,657,142**
Issued as a result of:								
Private placements (notes 13 and 14)	16,284,143	7,653,547	-	-	7,653,547	-	-	7,653,547
Share issuance costs	-	(120,599)	-	-	(120,599)	-	-	(120,599)
Warrants issued on loan	-	-	14,000,000	3,726,200	3,726,200	-	-	3,726,200
Stock options exercised (note 15)	400,000	57,112	-	-	57,112	(17,112)	-	40,000
Warrants exercised (note 16)	9,933,362	2,708,749	(9,933,362)	(623,181)	2,085,568	-	-	2,085,568
Warrants expired (note 16)	-	-	(1,645)	(243)	(243)	243	-	-
Stock options granted (note 15)	-	-	-	-	-	4,495,287	-	4,495,287
Net loss for the period	-	-	-	-	-	-	(18,247,395)	(18,247,395)
June 30, 2018	**576,425,159**	**128,404,225**	**26,129,846**	**5,003,864**	**133,408,089**	**12,561,853**	**(113,680,192)**	**32,289,750**
Issued as a result of:								
Private placements (notes 13 and 14)	16,596,625	8,307,383	-	-	8,307,383	-	-	8,307,383
Flow-through premium (note 13)	-	(1,702,281)	-	-	(1,702,281)	-	-	(1,702,281)
Property acquisitions	100,000	30,000	-	-	30,000	-	-	30,000
Share issuance costs	-	(71,691)	118,319	8,165	(63,526)	-	-	(63,526)
Warrants issued on debt (note 9 and 10)	-	-	2,000,000	461,262	461,262	-	-	461,262
Stock options exercised (note 15)	3,700,000	526,826	-	-	526,826	(176,826)	-	350,000
Warrants exercised (note 16)	2,917,668	1,322,860	(2,917,668)	(301,677)	1,021,183	-	-	1,021,183
Warrants expired (note 16)	-	-	(9,212,179)	(975,987)	(975,987)	975,987	-	-
Stock options granted (note 15)	-	-	-	-	-	493,712	-	493,712
Net loss for the year	-	-	-	-	-	-	(21,624,905)	(21,624,905)
December 31, 2018	**599,739,452**	**136,817,322**	**16,118,318**	**4,195,627**	**141,012,949**	**13,854,726**	**(135,305,097)**	**19,562,578**
Issued as a result of:								
Special shares (note 14)	-	13,278,000	-	-	13,278,000	-	-	13,278,000
Share issuance costs (note 14)	-	(1,020,923)	-	-	(1,020,923)	-	-	(1,020,923)
Warrants issued (note 16)	-	-	5,000,000	889,733	889,733	-	-	889,733
Stock options exercised (note 15)	4,840,000	769,485	-	-	769,485	(262,985)	-	506,500
Stock options granted (note 15)	-	-	-	-	-	3,464,923	-	3,464,923
Net loss for the period	-	-	-	-	-	-	(39,254,865)	(39,254,865)
June 30, 2019	**604,579,452**	**149,843,884**	**21,118,318**	**5,085,360**	**154,929,244**	**17,056,664**	**(174,559,962)**	**(2,574,054)**

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

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

The Company is engaged in the acquisition and exploration of mineral resource properties with a focus on gold properties located in the Province of Ontario, Canada, and currently owns an interest in two properties: 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.

In 2017, Harte Gold completed a bulk sample program on its Sugar Zone Property to determine the recoverability and economics of its resource. In 2017, the Company also began economic studies on the resource and pursuing permits to enable commercial production. In May 2018, the Company filed a Preliminary Economic Assessment Report and in September 2018, the Company obtained permits required for commercial production. The Company was in the exploration and evaluation stage at December 31, 2018 and declared commercial production in 2019. In February 2019, the Company issued a press release providing an update to its resources and on May 2, 2019, the Company filed a Feasibility Study Report on its Sugar Zone Property.

On the basis of information to date, the Company has not yet identified a mineral resource on its Stoughton-Abitibi Property.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRIC") interpretations applicable to companies reporting under IFRS, including IAS 34, Interim Financial Reporting. Accordingly, certain information and disclosure normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2018, which were prepared in accordance with IFRS.

The management of Harte prepared these unaudited condensed interim financial statements, which were then reviewed by the Audit Committee and the Board of Directors. The unaudited condensed interim financial statements were authorized for issue by the Board of Directors on August 14, 2019.

b) Continuance of Operations

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the Company's financial statements for the year ended December 31, 2018**.**

Plant and equipment

Plant and equipment are recorded at cost, less accumulated depreciation and accumulated impairment losses. The costs of mineral properties, plant and equipment consist of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use ad an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Upon commercial production, the accumulated capitalized development and construction in process costs are transferred to the appropriate mine development, plant and equipment and other assets.

Capitalized mine development expenditures are, upon commencement of production, amortized using a unit of production method, which is measured by the portion of a mine's economically recoverable and proven and probable ore reserves produced during the period.

Depreciation is recognized based on the cost of an item of plant and equipment, less its estimated residual value, over its expected useful life:

Cost Component	Useful Life
Furniture, vehicles and other equipment	Straight line over 2 – 5 years
Buildings	Straight line over 10 years
Plant and infrastructure	Units of production over life of mine ("LOM")
Mine development	Units of production over LOM

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statements of operations and comprehensive loss.

Derivative Instruments

The Company uses derivative financial instruments to manage exposure to fluctuations in gold prices and may use derivatives to manage exposure to interest rates, foreign currency exchange rates and input costs.

The Company initially recognizes all derivative financial instruments at fair value and on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are classified as current or non-current based on contractual maturity.

IFRS 6 – Exploration and Evaluation of Mineral Resources

Under IFRS 6, "Exploration and Evaluation of Mineral Resources" ("IFRS 6"), the Company historically capitalized its expenditures on exploration and evaluation ("E&E") activities. Effective December 31, 2018, the Company adopted a voluntary change in accounting policy on E&E expenditures that is also generally accepted under IFRS 6. The Company's new policy on accounting for E&E expenditures is to expense these costs until the requisite permits to enter into commercial production have been obtained. All subsequent expenditures on the property are then capitalized until development stage has been reached or commercial production has been achieved.

3. SIGNIFICANT ACCOUNTING POLICIES cont'd

In accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", the change in accounting policy has been made retrospectively and the comparatives have been adjusted accordingly for all periods presented. The following table summarizes the impact of the aforementioned voluntary change in accounting policy on affected line items within the Company's statements of financial position, operations and comprehensive loss.

For the three months ended June 30, 2018	As Previously Reported	Effect of Change in accounting policy	Restated
Statement of Operations and Comprehensive Loss			
Exploration and evaluation expenses	-	6,388,141	**6,388,141**
Loss and comprehensive loss for year	(702,894)	(6,388,141)	**(7,091,035)**
Basic and diluted loss per share	(0.001)	(0.011)	**(0.012)**

For the six months ended June 30, 2018	As Previously Reported	Effect of Change in accounting policy	Restated
Statement of Operations and Comprehensive Loss			
Exploration and evaluation expenses	-	13,992,832	**13,992,832**
Loss and comprehensive loss for year	(4,254,563)	(13,992,832)	**(18,247,395)**
Basic and diluted loss per share	(0.007)	(0.025)	**(0.032)**

IFRS 15 – Revenue from Contracts with Customers

On January 1, 2019, the Company has adopted IFRS 15 ***Revenue from Contracts with Customers***. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards. The Company has evaluated the standard and has concluded that the application of IFRS 15 did not have a historical impact on its financial statements, during which time the only revenues were those credited against the exploration and evaluation asset during the bulk sample period. Furthermore, the Company has concluded that there are no significant differences between the point of transfer of risks and rewards for its metals under IAS 18 and the point of transfer of control under IFRS 15.

The following principles apply in accounting for revenues:

Gold

The Company sells gold to customers in the form of gold ounces, after the gold doré bars have been refined. The Company recognizes revenues from these sales when control of the gold has transferred to the customer. This is generally at the point in time when the gold is credited to the metal account of the customer. Once the gold has been credited to the customer's metal account, the customer has legal title to, physical possession of, and the risks and rewards

of ownership of the gold. Therefore, the customer is able to direct the use of and obtain substantially all of the remaining benefits from the gold.

Revenue is measured at the transaction price agreed to under the contract. Payment of the transaction price is due immediately when control of the gold is transferred to the customer.

3. SIGNIFICANT ACCOUNTING POLICIES cont'd

Gold Concentrates

The Company sells concentrates containing gold to a third-party smelter customer. The Company recognizes revenue from these concentrate sales when control of the concentrate has transferred to the customer, which is the point in time that the concentrate is delivered to the customer. Upon delivery, the customer has legal title to, physical possession of, and the risks and rewards of ownership of the concentrate. The customer is also committed to accept and pay for the concentrates once delivered. Therefore, the customer is able to direct the use of and obtain substantially all of the remaining benefits from the concentrate.

The final prices for metals contained in the concentrate are generally determined based on prevailing spot market metal prices on a specific future date, which is established as of the date the concentrate is delivered to the customer. Upon transfer of control at delivery, the Company measures revenue under these contracts based on prices at the time of delivery and the most recent determination of the quantity of contained metals, less smelting and refining charges charged by the customer. This reflects the best estimate of the transaction price expected to be received at final settlement. A receivable is recognized for this amount and subsequently measured at fair value to reflect the variability associated with the embedded derivative for changes in the market metal prices. These changes in the fair value of the receivable are adjusted through revenue at each subsequent financial settlement date

Inventories

Inventories include, gold-in-circuit**,** gold doré, gold concentrates and consumables inventory. The value of all production inventories includes direct production costs and attributable overhead and depreciation incurred to bring the materials to their current point in the processing cycle. General and administrative costs for the corporate office are excluded from any inventories. All inventories are valued at the lower of cost and net realizable value, with net realizable value determined with reference to market prices, less estimated future production costs (including royalties) to convert inventories into saleable form.

In-circuit inventory represents material that is currently being processed to extract the contained gold into a saleable form. The amount of gold in-circuit is determined by assay values and by measure of the various gold bearing materials in the recovery process. The in-circuit gold is valued at the average of the beginning inventory and the costs of material fed into the processing stream plus in-circuit conversion costs, including applicable mine-site overheads and depreciation related to the processing facility.

Finished goods inventory is saleable gold in the form of doré bars that have been poured or gold concentrates that are awaiting shipment to the smelter. Included in the costs are the direct costs of mining and processing operations as well as direct mine site overheads and depreciation.

Materials and supplies inventories consist mostly of equipment parts and other consumables required in the mining and ore processing activities, and are valued at the lower of average cost and net realizable value.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, although early adoption is permitted, provided the new revenue standard, IFRS 15, has been applied or is applied at the same time as IFRS 16. The Company solely holds short-term leases and leases of low-value assets, which are exempt from the standard.

4. RESTRICTED CASH

At December 31, 2018, $500,000 was held as restricted cash in accordance with the Sprott financing agreement. Upon the repayment of the Sprott debt financing, no further restriction on cash is required.

5. RECEIVABLES

		June 30, 2019		December 31, 2018
GST/HST receivable	**$**	**1,247,339**	$	1,695,399
Gold sales revenue receivable		**1,859,633**		433,143
Other		**36,625**		222,936
	$	**3,143,597**	$	2,351,478

6. INVENTORIES

		June 30, 2019		December 31, 2018
In-circuit inventory	**$**	**809,821**	$	-
Gold concentrate inventory		**2,396,659**		-
Gold bullion inventory		**1,974,721**		-
Total mineral inventory		**5,181,201**		-
Materials and supplies		**625,365**		
Total inventory	**$**	**5,806,566**	$	-

The change of inventory recognized in production costs in the three and six months ended June 30, 2019 was $(1,968,051) and $(2,245,067) respectively.

7. PLANT AND EQUIPMENT

	Land	Buildings	Furniture, Vehicles & Other Equipment	Construction In Process	Plant and Infrastructure	Mine Development	Total
COST							
As at December 31, 2017	902,968	865,526	486,000	25,308,276	-	-	27,562,770
Additions	-	144,360	280,866	73,361,064	-	-	73,786,290
As at December 31, 2018	**$ 902,968**	**$ 1,009,886**	**$ 766,866**	**$ 98,669,340**	**$ -**	**$ -**	**$ 101,349,060**
Additions	-	904,769	236,979	(98,669,340)	99,852,883	17,707,644	20,032,935
As at June 30, 2019	**$ 902,968**	**$ 1,914,655**	**$ 1,003,845**	**$ -**	**$ 99,852,883**	**$ 17,707,644**	**$ 121,381,995**
ACCUMULATED DEPRECIATION							
As at December 31, 2017	-	43,276	153,897	-	-	-	197,173
Additions	-	85,143	126,980	-	-	-	212,123
As at December 31, 2018	**$ -**	**$ 128,419**	**$ 280,877**	**$ -**	**$ -**	**$ -**	**$ 409,296**
Additions	-	105,244	136,003	-	2,679,859	3,940,764	6,861,870
As at June 30, 2019	**$ -**	**$ 233,663**	**$ 416,880**	**$ -**	**$ 2,679,859**	**$ 3,940,764**	**$ 7,271,166**
NET BOOK VALUE							
As at December 31, 2017	$ 902,968	$ 822,250	$ 332,103	$ 25,308,276	$ -	$ -	$ 27,365,597
As at December 31, 2018	$ 902,968	$ 881,467	$ 485,989	$ 98,669,340	$ -	$ -	$ 100,939,764
As at June 30, 2019	$ 902,968	$ 1,680,992	$ 586,965	$ -	$ 97,173,024	$ 13,766,880	$ 114,110,829

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2019	December 31, 2018
Accounts Payable	**$ 13,707,383**	$ 9,992,753
Accrued Liabilities	**6,822,116**	13,622,237
Total accounts payable and accrued liabilities	**$ 20,529,499**	$ 23,614,991

9. SHORT-TERM DEBT

On May 3, 2018, the Company closed on a short-term debt financing with ANR Investments B.V. ("Appian") in the amount of US $20,000,000. The term of the debt was until November 10, 2018 at an interest rate of 9.5%, unless extended. The debt was extendible to January 25, 2019 at the option of the Company, but the interest rate would increase to 11.5%. The Company did exercise its option to extend. On December 31, 2018, the Company and Appian agreed to further extend the maturity of the debt to May 9, 2019 with an increase in the interest rate to 12.0% and agreed to a further extension until the closing of the BNP financing. The Appian debt was secured by all the assets of the Company, but subordinate to Sprott long-term debt financing (See Note 10). Prepayment of the Appian debt could be made any time without penalty.

Principal and accrued interest were payable on maturity and the debt was repayable at any time without penalty. In connection with the debt financing, the Company issued 4,000,000 common share warrants to Appian, exercisable at any time until May 11, 2023 at an exercise price of $0.51 per common share. An amount of $1,133,200 was allocated to the warrants.

Subsequently, the debt amount, net of warrants, was accreted at the effective interest rate of 18.1% so that the balance outstanding would equal the principal amount on maturity.

9. SHORT-TERM DEBT cont'd

On June 14, 2019, the Company closed the BNP financing (note 12) and repaid Appian the loan principal and accrued interest in full.

Movement in the Appian debt facility is summarized as follows:

Loan drawdown	$	25,686,100
Fees, costs & warrants		(1,133,200)
Initial loan amount		24,552,900
Interest expense		3,424,401
Accretion		2,178,644
Exchange loss (gain)		1,042,738
Gain on loan modification		(507,272)
Additional warrants issued		(461,262)
Additional closing fees		29,125
Balance at June 14, 2019	$	30,259,275
Net loan repayment		(30,259,275)
Balance at June 30, 2019	$	-

10. LONG-TERM DEBT CLASSIFIED AS CURRENT

On May 31, 2018, the Company closed a long-term debt financing with Sprott Private Resource Lending (Collector) LP ("Sprott"). Total funding available under the Sprott debt was US $50,000,000. An initial amount of US $20,000,000 was drawn on closing. On October 11, 2018, the Company drew down US $15,000,000 and a further US $5,000,000 was drawn on February 11, 2019. An initial payment of 2.25% was payable at the time of each draw, calculated on the amount of the draw. Interest was payable monthly at an annual rate of 7.5% plus the 3 month LIBOR rate, with 50% of the monthly interest payable in cash and the balance accrued until June 30, 2019. Thereafter, all interest is payable monthly on a cash basis. Principal plus accrued interest was payable in 42 equal monthly installments, beginning January 31, 2020. Prepayment of the Sprott debt could be made at any time, subject to a prepayment penalty of 3% if made prior to the second anniversary, 2% prior to the third anniversary and nil thereafter. The Sprott debt was a first charge and secured by all the assets of the Company.

The Company also entered into a production payment agreement with Sprott concurrently with the debt facility agreement. In connection with the third drawdown on February 11, 2019, the production payment was adjusted from a fixed rate of US $14 per ounce to be a variable rate calculated at 1.3% of the average monthly gold price, with a floor of US $1,250 and a ceiling of US $1,450 per ounce for the gold price calculation. The change in the variable rate applicable to production payments is effective from February 1, 2019. The Company had the option to terminate the production payment agreement upon payment of a termination fee equal to the net present value of the remaining production payments discounted at 3.5%. The initial fair value of the production payment liability was $4,909,852. The change of the production payment terms from a fixed to a variable rate was determined to be an extinguishment of the initial liability. The net present value of the production payment liability was remeasured using the same discount rate of 3.5% and the difference of $1,101,532 was recognized as a loss in the statement of operations and comprehensive loss.

The production payment liability was accreted at the effective interest rate of 3.5% so that the balance outstanding equals the principal amount on maturity.

In connection with the debt financing, the Company issued 10,000,000 common share warrants to Sprott, exercisable at any time until May 31, 2023 at an exercise price of $0.49 per common share. An amount of $2,593,000 was allocated to the warrants. The Company has the option to settle the warrants in cash at the time they are exercised.

10. LONG-TERM DEBT CLASSIFIED AS CURRENT cont'd

The cash settlement amount is calculated as the excess of the market price of the common shares as of the day prior to the exercise day over the exercise price. The Company has recorded these warrants in warrants reserve as the intention is not to settle in cash.

Transaction costs related to the Sprott debt facility comprise the issue payment amount, warrants, initial production payment liability, legal expenses and other costs. Transaction costs were recognized as deferred charges and transferred to the debt balance in proportion to debt drawdowns. Since there was no other subsequent drawdown of the final US $10,000,000 availability under the Sprott debt, the remaining deferred transaction costs were no longer recognized on the balance sheet at June 30, 2019.

The debt amount, net of fees, issuance costs and production payments, is accreted at the effective interest rate of 15.1% at the time of the initial draw and 15.8% at the time of the subsequent draw, so that the balance outstanding will equal the principal amount on maturity. Accretion results in additional non-cash interest expense recorded for the duration of the Sprott debt.

Movement in the production payment liability is summarized as follows:

Initial Production Liability	$	4,909,852
Production payments made		(165,782)
(Gain)/Loss on revaluation		1,184,036
Exchange loss (gain)		244,251
Balance at June 14, 2019	$	6,172,357
Repayment		(6,249,842)
Loss on loan termination	$	77,485

Movement in the Sprott debt facility is summarized as follows:

Loan drawdowns	$	52,120,000
Warrants		(2,593,000)
Production payment liability		(4,909,852)
Fees		(2,221,599)
Loan amount		42,395,549
Interest expense		2,363,424
Accretion		1,717,616
Exchange loss (gain)		1,178,910
Balance at June 14, 2019	$	47,655,499
Net loan repayment		(55,920,463)
Loss on loan termination		(8,264,964)
Loss on Production payment Liability		(77,485)
Prepayment & cancellation fees		(2,084,268)
Total loss on refinancing	$	(10,426,717)

11. ENVIRONMENTAL REHABILITATION PROVISION

Pursuant to the Sugar Zone Mine Closure Plan (the "Closure Plan"), the Company is obligated to rehabilitate the Sugar Zone site. The cost of such rehabilitation work was increased to $4,946,201 on approval of the Closure Plan for commercial production, being the present value of the estimated future costs, discounted at a rate of 3.07% per annum. The balance will be accreted over the life of mine.

	June 30, 2019	December 31, 2018
Balance beginning of period	**$ 4,783,587**	$ 1,718,836
Rehabilitation liability arising during the period	**162,614**	3,064,751
Accretion	**74,139**	-
Balance end of period	**$ 5,020,340**	$ 4,783,587

12. LONG-TERM DEBT

On June 14, 2019 the Company closed a credit agreement with BNP Paribas (the "BNP Debt") for US$72.5 million. The BNP debt facility 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.

Movement in the BNP Debt facility is summarized as follows:

Loan drawdown	$ 97,041,250
Fees, costs	(2,096,992)
Initial loan amount	94,944,258
Interest expense	266,193
Exchange loss (gain)	(2,160,500)
Balance at June 30, 2019	$ 93,049,951

12. LONG-TERM DEBT cont'd

Debt repayments under the BNP Debt facility are as follows:

BNP Debt Repayment Schedule (US $)

Year	Non-revolving term credit facility	Revolving term credit facility	Total
2019	$ -	$ -	$ -
2020	6,353,000	-	6,353,000
2021	12,338,000	-	12,338,000
2022	17,378,000	20,000,000	37,378,000
2023	8,610,000	-	8,610,000
2024	3,623,000	-	3,623,000
2025	4,198,000	-	4,198,000
Total	52,500,000	20,000,000	72,500,000
Current portion	3,176,500	-	3,176,500
	$ 49,323,500	$ 20,000,000	$ 69,323,500
Current portion (C$)			$ 4,157,086
Long-term Portion (C$)			$ 88,892,865

Long-term debt also comprises the following mortgages payable:

a) Mortgage Payable

On January 31, 2017, Harte Gold acquired land and buildings in White River, on which the vendors took back a mortgage secured by the property, of $190,000, repayable annually over 3 years, at an annual interest rate of 3.0%. Principal and interest payments are due annually, on each of February 1, 2018 through 2020.

b) Mortgage Payable

On July 19, 2017, Harte Gold acquired a property in White River, on which the vendors took back a mortgage secured by the property, of $525,000, repayable in 5 equal principal payments on each anniversary. Interest is payable semi-annually at a rate of 4.0% per annum.

c) Mortgage Payable

On August 9, 2017, Harte Gold acquired land and buildings in White River, on which the vendors took back a mortgage of $100,000 secured by the property, repayable annually over 3 years at an annual interest rate of 3.0% per annum. Principal and interest payments are due annually, on each of August 10, 2018 through 2020.

12. LONG-TERM DEBT cont'd

The mortgage repayment schedule is as follows:

Mortgage Repayment Schedule (Cdn $)

Year	Mortgage (a)	Mortgage (b)	Mortgage (c)	Total
2019	$ -	$ 105,000	$ 33,333	$ 138,333
2020	70,000	105,000	33,334	208,334
2021	-	105,000	-	105,000
2022	-	105,000	-	105,000
Total	70,000	420,000	66,667	556,667
Current portion	70,000	105,000	33,333	208,333
Long-term portion	$ -	$ 315,000	$ 33,334	$ 348,334

13. FLOW-THROUGH SHARE PREMIUM

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

Balance on December 31, 2017	**$ 1,173,838**
Settlement of liability through renouncement in Q1 2018	(1,173,838)
Liability incurred on flow-through shares issued October 31, 2018	1,702,281
Balance on December 31, 2018	**$ 1,702,281**
Settlement of liability through renouncement in Q1 2019	(1,702,281)
Balance on June 30, 2019	**$ -**

On December 22, 2017, Harte Gold completed a bought deal offering of 9,781,982 flow-through common shares at a price of $0.56 per share, for gross proceeds of $5,477,910. A flow-through share premium of $1,173,838 was recorded on this financing. As of June 30, 2019, all such funds had been spent.

On October 31, 2018, the Company completed a private placement of 13,367,999 flow-through common shares at a price of $0.52 per share for gross proceeds of $6,951,360. A flow-through share premium of $1,702,281 was recorded on this financing. As at June 30, 2019, $6,012,900 of such funds had been spent.

14. CAPITAL STOCK

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

Common Shares

The issued and outstanding common shares are as follows:

	June 30, 2019	December 31, 2018
Balance beginning of year	**599,739,452**	549,807,654
Private placement of units and shares	-	19,512,769
Private placement of flow-through units (note 13)	-	13,367,999
Shares for property acquisition	-	100,000
Options exercised (note 15)	**4,840,000**	4,100,000
Warrants exercised (note 16)	-	12,851,030
Balance end of year	**604,579,452**	599,739,452

On January 9, 2018, Harte Gold completed the final closing of its bought deal private placement, comprising 16,284,143 common shares at a price of $0.47 per share for proceeds of $7,653,547.

On November 23, 2018, Harte Gold completed a private placement of 3,228,626 common shares at a price of $0.42 per share for proceeds of $1,356,023.

Special Shares

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 (see Subsequent Events – Note 23).

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.

The fair value of the warrants was calculated using the Black-Scholes model, using the following assumptions:

14. CAPITAL STOCK cont'd

Number of warrants		5,000,000
Share price	$	0.27
Exercise price	$	0.27
Expected life in years		5.00
Volatility (based on historical volatility)		83.11%
Risk-free interest rate		1.35%
Dividend yield		0%
Fair value per warrant	$	0.178
Fair value of warrants issued	$	889,733

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 will fix the number of directors of the Company at seven directors; (ii) Appian will be 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 will continue to have a finance committee to assist the Company and the Board, which shall consist 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 being September 6, 2019. 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 provides for the Standby Commitment to issue a 1% 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.

15. STOCK OPTION PLAN

The Company has established a stock option plan to provide additional incentives to officers, directors, employees and consultants in their efforts on behalf of the Company in the conduct of its affairs. The terms of the stock option plan provide that the directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant. The number of shares reserved for issuance is not to exceed 10% of the issued and outstanding common shares from time-to-time. This rolling stock option plan has been approved by shareholders of the Company at its Annual General Meeting. At June 30, 2019, the Company had 11,057,945 (December 31, 2018 – 14,283,945) common shares available for granting of future options. Notwithstanding the foregoing, in its 2016 subscription agreement with Appian, the Company agreed to limit the number of new options granted in any 1 year period to 3% and in any 3 year period to 6%.

Under the terms of the plan, options vest immediately unless otherwise determined by the board of directors, and expire on the fifth anniversary from the date of issue unless otherwise specified. As at June 30, 2019, a total of 49,400,000 (December 31, 2018 – 45,690,000) options were outstanding under the stock option plan.

The following table provides additional information regarding stock options outstanding at June 30, 2019.

	June 30, 2019		December 31, 2018	
	Weighted Average Exercise Price	**Number of Options**	Weighted Average Exercise Price	Number of Options
Outstanding beginning of period	**$ 0.31**	**45,690,000**	$ 0.22	32,850,000
Transactions during the period:				
Granted	**$ 0.40**	**12,450,000**	$ 0.45	16,140,000
Granted			$ 0.35	500,000
Granted			$ 0.41	500,000
Exercised	**$ 0.10**	**(4,790,000)**	$ 0.10	(4,100,000)
Exercised	**$ 0.15**	**(50,000)**		
Cancelled	**$ 0.35**	**(650,000)**	$ 0.70	(150,000)
Cancelled	**$ 0.42**	**(1,000,000)**	$ 0.45	(50,000)
Cancelled	**$ 0.45**	**(1,550,000)**		
Cancelled	**$ 0.40**	**(200,000)**		
Expired	**$ 0.10**	**(250,000)**		
Expired	**$ 0.45**	**(250,000)**		
Outstanding at end of period	**$ 0.35**	**49,400,000**	$ 0.31	45,690,000
Exercisable at end of period	**$ 0.35**	**47,255,000**	$ 0.31	43,100,000

The weighted average share price on the date of exercise was $0.295 (2018 - $0.39).

The following table provides additional information regarding stock options outstanding at June 30, 2019.

15. STOCK OPTION PLAN cont'd

Expiry Date	Exercise price	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
July 31, 2019	$0.30	0.08	5,000	5,000
October 14, 2020	$0.10	1.29	8,255,000	8,255,000
November 9, 2020	$0.10	1.36	600,000	600,000
March 22, 2021	$0.175	1.73	1,000,000	1,000,000
December 14, 2021	$0.35	2.46	10,750,000	10,750,000
February 26, 2022	$0.42	2.66	350,000	350,000
May 1, 2022	$0.70	2.84	750,000	750,000
May 29, 2022	$0.71	2.92	150,000	150,000
March 29, 2023	$0.45	3.75	14,290,000	12,970,000
June 21, 2023	$0.35	3.98	500,000	500,000
July 26, 2023	$0.40	4.07	500,000	500,000
January 18, 2024	$0.41	4.56	12,250,000	11,425,000
	$0.35	**1.96**	**49,400,000**	**47,255,000**

The following table summarizes assumptions used with the Black-Scholes valuation model for the determination of stock-based compensation costs for stock options issued during the year ended December 31, 2018 and the six months ended June 30, 2019.

15. STOCK OPTION PLAN cont'd

Grant date	**29-Mar-18**	**21-Jun-18**	**26-Jul-18**	**18-Jan-19**
Number of options	16,140,000 (3)	500,000 (4)	500,000 (4)	12,450,000 (5)
Share price	$ 0.43	$ 0.36	$ 0.37	$ 0.40
Exercise price	$ 0.45	$ 0.35	$ 0.41	$ 0.40
Expected life in years	5.00	5.00	4.75	5.00
Volatility (1)	92.11%	89.81%	85.94%	85.24%
Risk-free interest rate	1.94%	1.97%	2.16%	1.96%
Dividend yield	0.00%	0.00%	0.00%	0.00%
Fair value per option (2)	$ 0.3030	$ 0.2536	$ 0.2409	$ 0.2704
Fair value assigned to options	$ 4,890,371	$ 126,776	$ 120,430	$ 3,366,169

1 Volatility is determined based on historical share prices

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

3 1,295,000 of these options vest on the first anniversary and 1,295,000 vest on the second anniversary.

4 Options vested immediately.

5 162,500 of these options vest after 3 months and 412,500 vest on the first anniversary.

Certain options were granted to consultants during the year. In the absence of a reliable measure of the services received, the services have been measured at the fair value of the options issued to consultants.

16. WARRANTS

As at June 30, 2019 there were 21,118,319 (December 31, 2018 – 16,118,318) warrants to purchase common shares outstanding.

			Warrants
Balance at December 31, 2017			**22,064,853**
Issued on loans	$	0.49	10,000,000
Issued on loans	$	0.51	4,000,000
Issued on loans	$	0.50	2,000,000
Issued for finder's fee	$	0.52	118,319
Expired			(9,213,824)
Exercised			(12,851,029)
Balance at December 31, 2018 and March 31, 2019			**16,118,319**
Issued	$	0.27	5,000,000
Balance at June 30, 2019			**21,118,319**

The expiry dates of warrants outstanding as of June 30, 2019 are as follows:

Expiry date	Number of warrants outstanding	Exercise price	Weighted average remaining contractual life (years)
April 22, 2020	41,750	$ 0.52	0.81
May 1, 2020	76,569	$ 0.52	0.84
May 11, 2023	4,000,000	$ 0.51	3.87
May 11, 2023	2,000,000	$ 0.50	3.87
May 31, 2023	10,000,000	$ 0.49	3.92
June 8, 2024	5,000,000	$ 0.27	4.95
	21,118,319	**$ 0.44**	**4.13**

17. REVENUE

Revenue for the three and six months ended June 30, 2019 comprised the following:

	Three Months Ended		Six Months Ended	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
Gold and silver sales	**$ 12,634,921**	$ -	**$ 20,986,177**	$ -
Less royalties	**(264,281)**	-	**(388,082)**	-
Less treatment,refining and transport costs	**(549,227)**	-	**(917,803)**	-
	$ 11,821,413	$ -	**$ 19,680,292**	$ -

18. PRODUCTION COSTS

Production costs for the three and six months ended June, 2019 comprised the following:

	Three Months Ended		Six Months Ended	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
Mining costs	**$ 5,121,797**	$ -	**$ 9,534,688**	$ -
Milling costs	**2,583,179**	-	**5,416,555**	-
Site indirect costs	**3,353,810**	-	**6,806,701**	-
Production costs	**11,058,786**	-	**21,757,944**	-
Change in inventory	**(1,968,051)**	-	**(2,245,067)**	-
	$ 9,090,735	$ -	**$ 19,512,877**	$ -

19. LOSS PER SHARE

	Three Months Ended		Six Months Ended	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
Loss attributable to common shareholders	**$ (25,900,484)**	$ (7,091,035)	**$ (39,254,865)**	$ (18,247,395)
Weighted average shares outstanding - basic and fully diluted	**602,884,397**	574,829,413	**601,367,575**	570,674,333
Loss per share - basic and fully diluted	**$ (0.043)**	$ (0.012)	**$ (0.065)**	$ (0.032)

The Company excluded the effect of the stock options and warrants in the determination of diluted loss per share as their impact would have been anti-dilutive.

20. DERIVATIVE FINANCIAL INSTRUMENTS

Concurrent with and as required under the BNP Debt financing, the Company entered into a gold hedge program on approximately 79,000 ounces of future production. Zero cost collar swaps were used for approximately 74,000 ounces, spread over the years 2020 through 2023. The balance of the hedges are structured as gold swaps, maturing in the first half of 2024. The Company has elected not to designate the cash flow hedges for hedge accounting under IFRS 9. These derivative financial instruments are recorded at fair value using external broker-dealer quotations, based on their option pricing models that utilize a variety of inputs that are a combination of quoted prices and market corroborated inputs. These valuations are intended to closely match the cost or benefit that would be incurred to unwind the hedge positions. The Company recognizes the mark-to-market adjustments in its statements of operations and comprehensive loss as changes in unrealized derivative instrument gains (losses) and on its statements of financial position as derivative instrument assets (liabilities) as appropriate. The Company presents the fair value of put and call options on a net basis on the Statements of Financial Position.

Derivative Instruments oustanding	Quantity outstanding		Maturity Dates	Strike Price (US$/oz)		Fair value asset (liability)
Gold call options	20,316	oz	January 2020 - December 2020	$1,391	$	(1,895,740)
Gold Put options	20,316	oz	January 2020 - December 2020	$1,300		371,865
Gold call options	19,080	oz	January 2021 - December 2021	$1,399		(2,472,233)
Gold Put options	19,080	oz	January 2021 - December 2021	$1,300		719,596
Gold call options	23,520	oz	January 2022 - December 2022	$1,393		(4,017,515)
Gold Put options	23,520	oz	January 2022 - December 2022	$1,310		1,399,729
Gold call options	11,040	oz	January 2023 - December 2023	$1,393		(2,322,083)
Gold Put options	11,040	oz	January 2023 - December 2023	$1,310		891,062
				US	$	(7,325,319)

Derivative Instruments oustanding	Quantity outstanding		Maturity Dates	Strike Price (US$/oz)		Fair value asset (liability)
Gold swap	5,134	oz	January 2024 - June 2024	$1,355		(752,114)
				US	$	(752,114)
Total fair value liability in Canadian dollars					**$**	**(10,570,937)**

21. RELATED PARTY TRANSACTIONS

The corporation related to Harte Gold during 2019 is Global Atomic Corporation ("GAC"). GAC is a related party since one or more directors, officers and consultants are associated with the Company in the same capacity.

For period ended June 30, 2019		Amount charged		Due (to) from
Global Atomic Corporation	**$**	**60,000**	$	3,995
For year ended December 31, 2018				
Global Atomic Corporation	**$**	**120,000**	$	159,289

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. The transactions relate to certain head office costs, such as supplies and rent that are incurred by one entity on behalf of the other.

For the six months ended June 30, 2019 and 2018, the Company paid key management personnel, including officers, directors or their related entities for consulting services and/or management services, as follows:

		June 30, 2019		June 30, 2018
Management and consulting fees	**$**	**468,000**	$	348,000
Consulting fees included in exploration				
and evaluation expenditures		**-**		165,150
Stock based compensation				
- expensed to the Statement of Operations and Comprehensive Loss		**2,549,525**		4,090,459
	$	**3,017,525**	$	4,603,609

22. COMMITMENTS

On August 14, 2017, the Company entered into an option agreement to acquire a 100% interest in a claim within the Sugar Zone Property. An initial payment of $12,000 plus 100,000 common shares was made. On the first anniversary, a further payment of $20,000 and 100,000 common shares was made. A final payment of 100,000 common shares is required on the second anniversary. Upon making all such payments, the Company will acquire a 100% interest in the claim, subject to a 3.0% net smelter royalty, which can be reduced to 1.5% by payment of $1,500,000.

The Company also has a commitment under a site access agreement to pay $70,000 per annum beginning January 1, 2019, subject to a cumulative maximum of $500,000.

In connection with the issuance of flow-through shares and the related renouncement of exploration expenditures, the Company commits to spend such funds on eligible exploration expenditures (see note 13).

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 80,000 Ha 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 $500,000 per annum, an implementation payment of $100,000 per annum on April 1st 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).

On May 1, 2018, the Company entered into a service agreement with Redpath Canada Ltd to perform underground mine development and tramming at the Sugar Zone Mine. The contract is for a period of twenty-five months. As at June 30, 2019, the Company has a commitment to pay $34.5 million to Redpath to complete the project.

On July 4, 2018, the Company entered into a service agreement with Foraco Canada Ltd to perform longhole drilling and blasting services. The Company is contracted to pay $8.4 million over the two-year contract terms.

23. SUBSEQUENT EVENTS

The Special Shares issued to Appian were converted to 49,177,777 common shares on July 25, 2019.

On July 22, 2019, the Company entered into an underwriting agreement on a bought deal basis 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 will receive 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.

In connection with their original subscription agreements, Appian and Orion Mine Finance Fund II LP (“Orion”) have the option of acquiring additional common shares at the time of any new equity issuance, so as to maintain their pro rata interest in the common shares at the time. Each of Appian and Orion have been provided with notices related to the flow-through common share offering, giving them the option to acquire up to the number of common shares to maintain their current ownership percentages of 25.3% and 6.6% respectively. Neither party has indicated its intention in this regard.

Appian has advised the Company that it believes the number of options issued in recent years exceeds the 6% amount under its subscription agreement (see note 15). The Company is investigating this matter and may provide Appian participation rights to acquire common shares should it conclude that such limit has been exceeded.