Management Discussion and Analysis
For the three and nine months ended
September 30, 2020 and 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion of the results of operations and financial condition of Harte Gold Corp. ("Harte Gold" or the "Company") prepared as of November 12, 2020, summarizes management's review of the factors that affected the Company's financial and operating performance for the three and nine months ended September 30, 2020, and the factors reasonably expected to impact on future operations and results ("Management's Discussion and Analysis of Financial Condition and Results of Operations" or "MD&A").

This MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements and the notes thereto for the three and nine months ended September 30, 2020 and 2019 ("Financial Statements"), which were prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB") and, except where noted in the Financial Statements, follow the same accounting policies and methods as described in note 2 to the Company's audited financial statements as at and for the years ended December 31, 2019 and 2018, available under the Company's profile on SEDAR at www.sedar.com.

This MD&A contains forward-looking statements that are based on management's current expectations, are not historical in nature and involve risks and uncertainties. Forward-looking statements are not guarantees as to Harte Gold's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in forward-looking statements (please see "Cautionary Note Regarding Forward-Looking Information" below). This MD&A should be read in conjunction with the Company's audited financial statements and notes as at and for the years ended December 31, 2019 and 2018 and MD&A for the year ended December 31, 2019, available under the Company's profile on SEDAR at www.sedar.com.

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

COMPANY OVERVIEW

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

On March 30, 2020, the Company temporarily suspended operations at the Sugar Zone Mine due to the COVID-19 pandemic. The Company also announced due to the uncertainty around when operations would resume, no assurance could be provided with respect to the Company meeting its 2020 gold production guidance targets. On July 1, 2020, the Company provided revised 2020 gold production guidance announcing it was targeting production levels of 20,000-24,000 ounces upon the mine restart from the Company's initial guidance of 42,000-48,000 ounces of gold production, which was adjusted to reflect the significant disruptions experienced due to the temporary suspension of operations. The Company also revised its 2021 gold production guidance to 60,000-65,000 ounces.

On July 17, 2020, the Company began its phased restart of mining operations at the Sugar Zone Mine, completing the restart on August 5, 2020 when the mill began operations.

Q3 2020 HIGHLIGHTS

Operations

- **Gold production:** 6,218 ounces of gold for Q3, 14,815 ounces year-to-date. Total Q3 production lower vs. Q1 (8,597 ounces) following a delayed restart to the quarter. However, average production on a monthly basis in Q3 was higher relative to previous quarters.
- **Continued grade improvement:** Processed 36,367 tonnes at an average head grade of 5.7 g/t, the fourth consecutive operating quarter of grade improvement.
- **Mine production:** 35,501 tonnes of ore, averaging 473 tpd.
- **Mine development:** Key mine indicators achieved plan for Q3.
- **Mill operating smoothly:** Averaged 649 tpd for the quarter; achieving 800 tpd or more on several days.
- **Owner-operator transition:** Initiated transition of mine workforce from contractor to Harte Gold employees.

Financial

- **Revenues:** $12.2 million in net revenues from 4,882 ounces sold ($15.0 million and 7,085 ounces respectively, in Q1 2020).
- **Gold hedge impact:** Incurred $3.4 million expense in Q3 for the settlement of 4,949 ounces hedged. Average realized gold price after hedge was US$1,354/oz Au. As production increases, impact of the hedge is diminished.
- **Mine Operating Cash Flow[1] growth:** $4.6 million ($3.9 million in Q1 2020), before corporate G&A and gold hedge payments.
- **EBITDA[1]:** $(0.5) million for the quarter ($1.2 million in Q1 2020) after adjusting for corporate G&A and gold hedge payments. EBITDA expected to turn positive as production growth continues.
- **Investment into mine development continues:** $4.4 million invested in mine development for the quarter ($6.0 million in Q1 2020).
- **Liquidity position:** Successfully raised US$30 million in gross proceeds to support working capital and continued mine development. At September 30, 2020, cash on hand was $21.4 million.

Exploration

- **TT8 prospecting:** Summer prospecting completed at the TT8 area, five new mineralized showings discovered, extending the overall mineralized trend to 11 km.

[1] Mine operating cash flow and EBITDA are non-IFRS measures, refer to definition of non-IFRS measures below for a reconciliation.

The following table compares operating and financial performance for Q3 2020 relative to the previous quarter of operations and to the preceding year-on-year quarter. In Q2 2020 operations were placed on temporary care-and-maintenance due the COVID-19 pandemic.

	Units	**Sep 30 2020**	**Mar 31 2020**	**Sep 30 2019**
Operating Performance				
Ore Tonnes Mined	*Tonnes*	35,501	47,365	46,235
Mine Operating Days	*#*	*75*	*90*	*90*
Daily Mine Production	*tpd*	*473*	*526*	*514*
Ore Tonnes Processed	*Tonnes*	36,367	51,705	56,558
Mill Operating Days	*#*	*56*	*90*	*90*
Dailly Mill Throughput (tpd)	*tpd*	*649*	*575*	*628*
Head Grade	*g/t*	5.7	5.5	3.6
Recovery	*%*	93.4%	94.0%	91.7%
Gold Ounces Produced	*oz*	6,218	8,597	6,069
Gold Ounces Sold	*oz*	4,882	7,637	7,805
Key Financial Data				
Net revenues[1]	*000 $*	12,215	15,667	14,888
Mine Operating Cash Flow[2]	*000 $*	4,690	3,891	(662)
EBITDA[3]	*000 $*	(542)	1,210	(2,138)
Net loss[4]	*000 $*	(11,750)	(16,131)	(15,182)
Net increase / (decrease) in cash	*000 $*	16,511	11,579	(3,031)
Cash and cash equivalents	*000 $*	21,433	13,675	891
Key Statistics				
Average Realized Gold Price	*US$/oz*	1,879	1,531	1,444
Realized Gold Price After Hedge[5]	*US$/oz*	1,354	1,462	1,444
Cash Operating Cost[6]	*C$/tonne processed*	210	234	283
Cash Cost[6]	*US$/oz*	1,177	1,181	1,554
AISC[6]	*US$/oz*	2,532	2,196	2,112

1) Gross revenues less treatment and refining costs.
2) Non-IFRS measure calculated as net revenues less royalties, production costs and changes in inventory. Refer to definition of non-IFRS measures below for a reconciliation.
3) Non-IFRS measure calculated as Net Operating Cash Flow less corporate G&A less gold hedge payments, refer to definition of non-IFRS measures below for a reconciliation.
4) Mine operating profit less corporate expenses, exploration expenses, share based payments, amortization and other expenses.
5) Net revenues less hedge costs divided by ounces sold.
6) Non-IFRS measures, refer to definition of non-IFRS measures below for a reconciliation. USD figures calculated based on a Canadian dollar exchange rate of 0.75 for Q3 and Q1 2020 and 0.76 for Q3 2019.

Corporate

- On October 20, 2020, the TSX completed its de-listing review and determined the Company is in compliance with all continued listing requirements.
- On September 17, 2020, the Company announced the appointment of Frazer Bourchier as the President, Chief Executive Officer and director of the Company effective September 21, 2020. The Company also announced the resignations of Sam Coetzer as President and Chief Executive Officer and Martin Raffield as Executive Vice President and Chief Operating Officer. Mr. Coetzer remains on the Board of Directors.
- The Company is working with BNP Paribas on a proposed rescheduling of principal repayments due in 2021 under its senior credit facilities. There is no assurance that the Company will be able to finalize an agreement with BNP on the rescheduling of the debt on commercially acceptable terms.

OUTLOOK

- **2020 guidance maintained:** Full year gold production guidance of 20,000 to 24,000 ounces reiterated.
- **Achieving 800 tpd mine production:** Focus is on increasing mine production to a sustainable run rate of 800 tpd, targeted for Q1 2021.
- **Priority is mine development:**
  - Increasing development rates to over 12 metres per day by Q1 2021, currently averaging approximately nine metres per day.
  - Increasing the number of active mining areas to a minimum of six by Q1 2021, currently operating from four areas.
- **1,200 tpd Feasibility Study:** Work is progressing well on the study and recent mine related scenario analyses presented new opportunities that require additional time to explore and finalize. The expected completion date has been extended approximately one month, with study results to be announced early Q1 2021.

OPERATING SUMMARY

Mine Operations

Safety

One lost time incident was reported in July in relation to surface work maintenance that was completed. No lost time incidents have been reported since the operational restart.

Safety management in the current global COVID-19 pandemic continues to be a top priority of the Company. Strict safety protocols are in place and only essential travel has been mandated to site. The Company also recently hired an occupational health nurse to support site health and safety.

Mining

Mining operations were successfully restarted on July 17. Ore production totalled 35,501 tonnes for the quarter, averaging 473 tpd over a 75-day operating period. Mining activities were restarted ahead of the mill such that a sufficient stockpile could be developed to facilitate higher throughput rates to test the mill's ability to operate at 800 tonnes per day continuously.

The Company is currently mining ore from the Sugar Zone North and South areas. Ramp development to the Middle Zone continued for the quarter and the Company expects to open the Middle Zone for initial ore production by the second half of 2021.

Achieving 800 tpd Mine Production

The Company is confident the Sugar Zone North and South areas are capable of 800 tpd production. However, managing the lead indicators, mine development and working areas, will be critical to achieving higher mine production.

While the Company was pleased with how development indicators trended in Q3, focus remains on improving these metrics as outlined in the following table.

The Company continues to expect to achieve a sustainable run rate of 800 tpd in Q1 2021 and will continue to manage lead indicator progress to achieve this goal.

Leading Indicator Metrics to Achieve 800 tpd

	Unit	Q1 2020	Q3 2020	Q1 2021
Lead Indicators:				
Capital Mine Development	*m/day*	7	9	13 – 14
Working Areas	#	3	4	5 – 6
Result:				
Mine Production	*t/day*	526	473	700 – 800

Processing

The process plant was restarted on August 5. A total of 36,367 tonnes were processed for Q3. The mill performed as planned, averaging 649 tpd throughput over the 56-day operating period. Mill performance also achieved 800 tpd or more for several days following restart. The Company is pleased with these results, which reconfirmed the mill is currently not a bottleneck and will support 800 tpd throughput as mine production is increased.

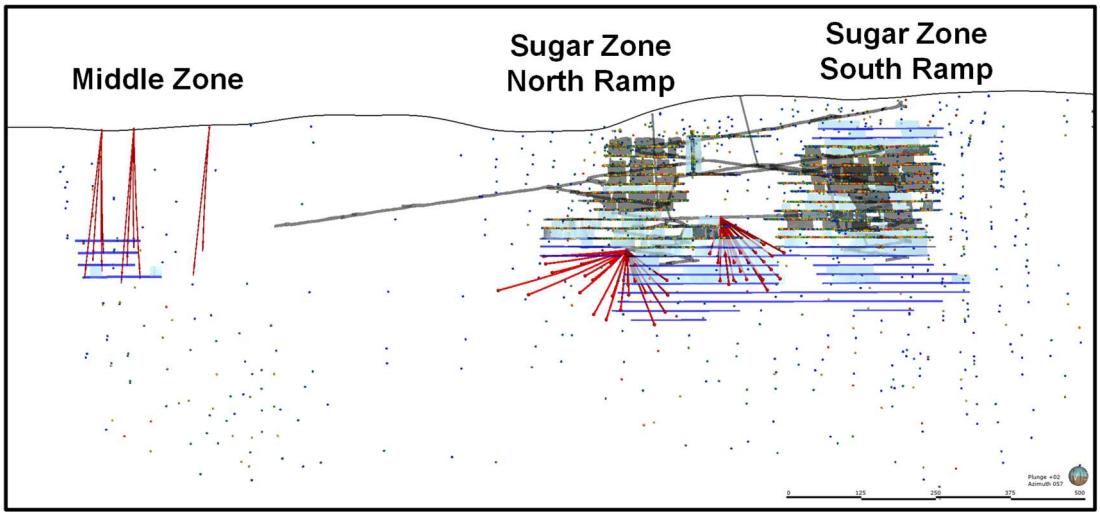
The average grade processed was 5.70 g/t and reconciled within expectations of the mineral resource model. Average recovery for the quarter of 93.4% was also generally inline with plan.

Grade Control

Grade control drilling is underway to better define the geometry of the ore body for areas to be mined in both the near and medium term, and further increase confidence in the mineral resource model.

Grade control infill drilling, first commenced in Q3 2020, exceeded 5,900 metres, targeting both the Sugar Zone from underground and Middle Zone from surface with two drill rigs.

Definition Drill Program for 2020



Owner Operator Transition

The transition to owner-operator continued positively in the quarter. The majority of the Redpath mine workforce was transitioned from contract miner to employee based, with 84 new fulltime employees added in the quarter.

EXPLORATION

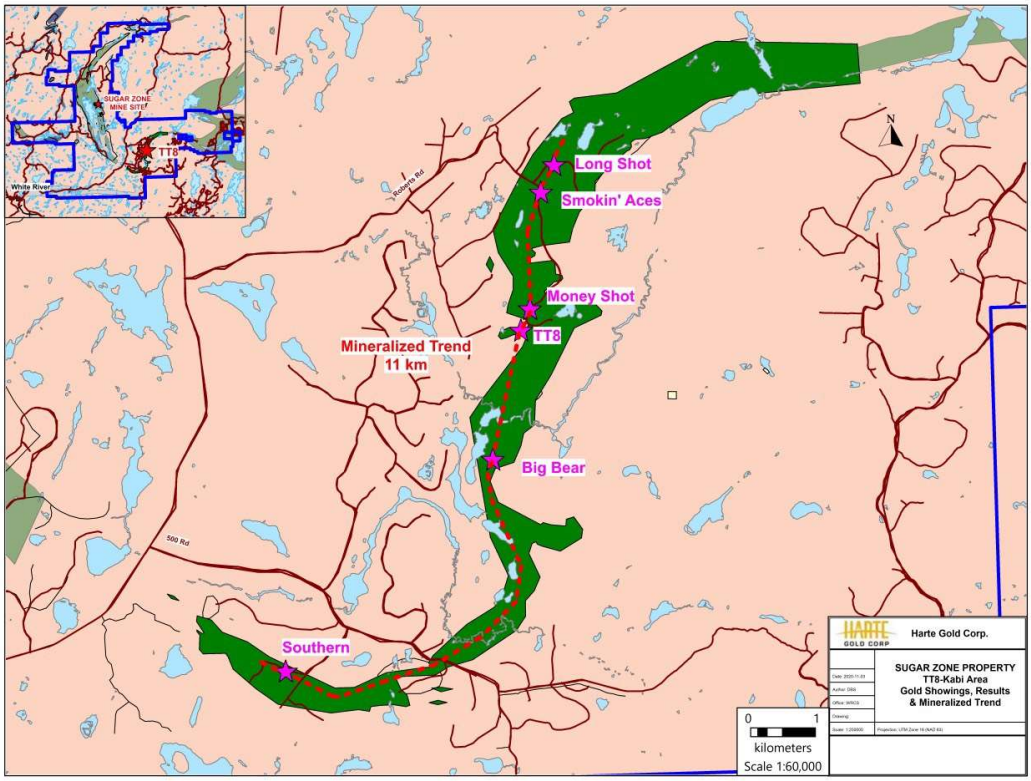
TT8 Area

Detailed mapping and surface prospecting at the TT8 area has returned five mineralized showings, extending the overall TT8 mineralized trend to 11 km. Prospecting also confirmed the Kabi and Dayohessarah greenstone belts are connected through the TT8-Kabi area.

Some notable prospecting grab samples include:

- Smokin' Aces showing – 10 grab and 16 channel samples ranging from trace up to 80.9 g/t Au;
- Money Shot showing – 7 grab and 12 channel samples ranging from trace up to 102.0 g/t Au;
- Long Shot showing – 8 grab samples ranging from trace up to 2.3 g/t Au;
- Big Bear showing – 4 grab samples ranging from trace up to 36.3 g/t Au; and
- Southern showing – 2 grab samples ranging from trace up to 1.4 g/t.

TT8 Area – Selected Grab Sample Showings



RESULTS OF OPERATIONS

Results of operations for the three and nine months ended September 30, 2020 compared with the three and nine months ended September 30, 2019:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	**2020**	2019
Mine operations				
Revenues	**$ 12,215**	$ 14,887	**$ 31,551**	$ 35,270
Production costs	**(6,973)**	(15,138)	**(20,735)**	(34,651)
Royalties and selling expenses	**(552)**	(412)	**(1,456)**	(1,114)
Depreciation and depletion	**(2,634)**	(4,120)	**(6,849)**	(10,979)
Mine operating earnings/(loss)	**2,056**	(4,783)	**2,511**	(11,474)
Other expenses				
Care and maintenance	**916**	-	**6,119**	-
General and administrative	**2,260**	1,557	**6,431**	6,816
Exploration and evaluation	**135**	1,152	**754**	4,984
Operating loss	**(1,255)**	(7,492)	**(10,793)**	(23,274)
Finance expenses/(income) & other				
Flow-through share premium	**-**	-	**(920)**	(1,702)
Loss on loan modification/termination	**-**	-	**385**	10,427
Loss on production payment liability	**-**	-	**-**	1,183
Gain on sale of royalty	**(622)**	-	**(622)**	-
Interest & accretion expense	**2,231**	1,663	**5,392**	8,170
Foreign exchange (gain)/loss	**(2,561)**	1,204	**2,487**	(2,295)
Change in the fair value of derivative financial instruments	**7,999**	4,829	**27,699**	15,400
Settlement of gold hedges	**3,409**	-	**5,369**	-
Other expense/(income)	**39**	(6)	**158**	(21)
	10,495	7,690	**39,948**	31,162
Net loss before income taxes	**(11,750)**	(15,182)	**(50,741)**	(54,436)
Income taxes	**-**	-	**-**	-
Net loss and comprehensive loss	**$ (11,750)**	$ (15,182)	**$ (50,741)**	$ (54,436)

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

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

Results for the three months ended September 30, 2020 (Q3 2020) and September 30, 2019 (Q3 2019)

All non-essential work, including mining and milling activities, at the Sugar Zone Mine was suspended from March 30, 2020 to July 16, 2020 to preserve the health and safety of the Company's workforce and the surrounding communities during the COVID-19 pandemic. The Company began a phased restart on July 17, 2020 which was completed on August 5, 2020.

Revenue of $12.2 million during Q3 2020 was 18% lower than revenue in Q3 2019 when the mine was operating for the full period. Revenue during Q3 2020 was derived from the sale of 4,882 ounces of gold, of which 71% was from the sale of gold bullion through doré bars and the remainder mostly from the sale of gold concentrates. The ounces sold in Q3 2020 were 23% lower than the comparable period in 2019, primarily due to the suspension of operations during Q2 2020 and early in Q3 2020. The average realized gold price per ounce achieved in Q3 2020 was US$1,878 per ounce, compared to an average spot gold price of US$1,909 per ounce (average AM and PM prices reported by the London Bullion Market Association) during the quarter and US$1,444 per ounce achieved in Q3 2019.

Production costs of $7.0 million in Q3 2020 were $8.1 million lower than in Q3 2019. The reduction in production costs is primarily due to the reduction in ounces of gold sold during Q3 2020 compared to Q3 2019 and the reduction in the cost per ounce sold in 2020 versus 2019.

Royalties and selling expenses increased to $0.6 million in Q3 2020 up from $0.4 million in Q3 2019. The increase in these expenses is primarily due to the additional Appian NSR commencing at 1.5% in December 2019 and increasing to 2.0% effective from July 13, 2020. This was partially offset by the reduction in gold revenues for Q3 2020 as compared to Q3 2019.

Depreciation and depletion expense decreased by $1.5 million from Q3 2019 to Q3 2020 for an expense of $2.6 million. This was primarily due to the reduced sales in Q3 2020.

Earnings from operations of $2.0 million for Q3 2020, improved from an operating loss of $4.8 million in Q3 2019 largely due to costs of $2,088 per ounce sold in Q3 2020 compared to $2,776 per ounce sold in Q3 2019, due to increased production levels, as well as a 19% increase in the realized price per ounce compared to Q3 2019.

Care and maintenance expenses were incurred during Q3 2020 to keep the Sugar Zone Mine in compliance with health, safety and environmental regulations to July 16, 2020. Care and maintenance expenses of $0.9 million (Q3 2019 - $nil) included depreciation of $0.2 million, underground mine maintenance of $0.3 million, mill maintenance of $0.2 million and general site costs of $0.2 million.

The increase of general and administrative expenses by approximately $0.7 million in Q3 2020 includes a $0.6 million increase in salaries and consulting fees, $0.4 million in general office expenses, and $0.3 million increase in stock based compensation, which was partially offset by $0.5 million reduction in general corporate legal fees.

Exploration and evaluation expenditures of $0.1 million in Q3 2020 consisted mainly of salaries and the VLF survey on TT8 and was $1.1 million lower compared to Q3 2019 primarily due a continued shift in focus from exploration to operations since the start of commercial operations at the Sugar Zone Mine on January 1, 2019.

During Q3 2020, in connection with the Appian Financing, the Company realized a gain of $0.6 million (Q3 2019: $nil) on the disposition of an additional 0.5% NSR.

Interest and accretion expenses of $2.2 million in Q3 2020 is $0.5 million higher than Q3 2019 as the effects of the Appian Financing are included in Q3 2020.

Exchange gains/losses result primarily from debt and derivative financial instrument balances denominated in US dollar partially offset by US dollar cash and US$ gold sales receivables. Exchange gains of $2.6 million were recorded in Q3 2020 as the US exchange rate weakened from 1.36 to 1.33 Canadian dollar per US dollar. Exchange losses of $1.2 were recorded in Q3 2019 as the US exchange rate strengthened from 1.31 to 1.32.

Changes in the fair value of derivative financial instruments expenses increased to $8.0 million in Q3 2020 from $4.8 million Q3 2019. Zero cost put/call options were put in place as a hedge program to support the BNP Debt Facilities. In view of the gold price movement from US$1,771 on June 30, 2020 to US$1,885 on September 30, 2020, the fair value of the hedge position resulted in an unrealized loss of $7.0 million in Q3 2020. The Appian Debt Facility contains derivative financial instruments based on the value of the Company's share price and CAD/US dollar exchange rates. The Company recorded an expense of $1.0 million in Q3 2020 related to the fair value change of the Appian Debt Facility Derivatives, primarily due to the change in the share price from date of issue to September 30, 2020.

During Q3 2020, gold hedge settlements of $3.4 million (Q3 2019 - $nil) were made in respect of the gold hedges. As each hedge position matures, any unrealized gains or losses will be realized and be offset by the opposite effect on the physical gold sales in each period. The result will be that the net cash proceeds for hedged gold ounces will fall within the put/call collar amounts, dependent on gold prices at the time.

Results for the nine months ended September 30, 2020 and September 30, 2019

Revenue of $31.6 million in the nine months ended September 30, 2020 was 11% lower than the comparable period in 2019, primarily due to the suspension of operations during Q2 2020, partially offset by higher realized gold prices. Revenue during the nine months ended September 30, 2020 was derived from the sale of 15,316 ounces of gold, of which 65% was from the sale of gold bullion through doré bars and the remainder mostly from the sale of gold concentrates. The ounces sold in the nine months ended September 30, 2020 were 28% lower than the comparable period in 2019, primarily due to the suspension of operations during Q2 2020. The average realized gold price per ounce achieved in the nine months ended September 30, 2020 was US$1,652, compared to an average spot gold price of US$1,735 (average AM and PM prices reported by the London Bullion Market Association) and US$1,361 per ounce for the comparable period in 2019.

Production costs of $20.7 million in 2020 were $14.0 million lower than 2019. The reduction in production costs is primarily due to the reduction in ounces of gold sold during the nine months ended September 30, 2020 compared to the same period in the prior year and the reduction in the cost per ounce sold in 2020 versus 2019.

Royalties and selling expenses increased to $1.5 million in 2020 up from $1.1 million in 2019. The increase in these expenses is primarily due to the additional Appian NSR commencing at 1.5% in December 2019 and increasing to 2.0% effective from July 13, 2020. This was partially offset by the reduction in gold revenues for 2020 as compared to 2019.

Depreciation and depletion expense decreased by $4.2 million from 2019 to 2020 for an expense of $6.8 million. This was primarily due to the reduction in sales during the period.

The earnings from operations of $2.5 million for the nine months ended September 30, 2020, improved from an operating loss of $11.5 million in 2019. This change is largely due to a 24% increase in the realized price per ounce compared to the nine months ended September 30, 2019 and reduced unit costs of $2,060 per ounce sold in the nine months ended September 30, 2020 compared to $2,397 per ounce sold in 2019.

Care and maintenance expenses were incurred during the nine months ended September 30, 2020 to keep the Sugar Zone Mine in compliance with health, safety and environmental regulations, and to ensure that operations could be restarted seamlessly. Care and maintenance expenses of $6.1 million included depreciation of $1.1 million, underground mine maintenance of $1.7 million, mill maintenance of $0.8 million and general site costs of $2.5 million.

The decrease of general and administrative expenses by approximately $0.4 million in 2020 from 2019 was primarily due to the $3.0 million reduction in the share based payments expense partially offset by

$0.8 million severance pay related to the changes in executive management in the nine months ended September 30, 2020, $1.0 million increase in salaries and consulting fees as well as an increase of $0.6 million in general office expenses.

Exploration and evaluation expenditures of $0.8 million in the nine months ended September 30, 2020 were $4.2 million lower compared to 2019 due the suspension of all non-essential activities at the Sugar Zone Mine between March 30, 2020 and July 16, 2020 and a continued shift in focus from exploration to operations since the start of commercial operations at the Sugar Zone Mine on January 1, 2019. Exploration expenditure in the nine-month periods ended September 30, 2020 and 2019 represent expenditure on exploration of targets on the Company's land package in areas other than the Sugar Zone Mine.

In the nine months ended September 30, 2020, the Company renounced expenses related to the October 2019 CEE flow-through share issuance, resulting in an income amount of $0.9 million. In the nine months ended September 30, 2019, the Company renounced expenses related to the 2018 CEE flow-through share issuances, resulting in an income amount of $1.7 million.

The loss on production payment liability of $1.2 million in the nine months ended September 30, 2019 (2020: $nil) relates to fair value losses on revaluation of the production payment liability on the Sprott Debt, which was repaid in June 2019.

In connection with the Appian Financing, the Company realized a gain of $0.6 million (2019: $nil) on the disposition of an additional 0.5% NSR.

Interest and accretion expenses of $5.4 million in the nine months ended September 30, 2020, primarily related to the BNP Debt Facilities and the Appian Debt Facility completed in August 2020, was $2.8 million lower than 2019 primarily due to the lower average outstanding balances compared to the then outstanding Sprott Debt and Appian Debt.

Exchange gains/losses result primarily from US dollar denominated debt and derivative financial instrument balances partially offset by US dollar cash and gold sales receivables. Exchange losses of $2.5 were recorded in the nine months ended September 30, 2020 as the US exchange rate strengthened from 1.30 to 1.33 Canadian dollar per US dollar. Exchange gains were recorded in the comparable 2019 period as the US exchange rate weakened from 1.36 at December 31, 2018 to 1.32 at September 30, 2019.

Changes in the fair value of derivative financial instruments expenses increased by $12.3 million to $27.7 million for the nine months ended September 30, 2020 from $15.4 million for the comparable period in 2019. Zero cost put/call options were put in place as a hedge program to support the BNP Debt Facilities. In view of the gold price movement from US $1,523 on December 31, 2019 to US $1,885 on September 30, 2020, the fair value of the hedge position resulted in an unrealized loss of $26.7 million in the nine months ended September 30, 2020. The Appian Debt Facility contains derivative financial instruments based on the value of the Company's share price and CAD/US dollar exchange rates. The Company recorded an expense of $1.0 million in Q3 2020 related to the fair value change of the Appian Debt Facility Derivatives, primarily due to the change in the share price from date of issue to September 30, 2020.

During 2020, gold hedge settlements of $5.4 million (2019 -$nil) were made in respect of the gold hedges. As each hedge position matures, any unrealized gains or losses will be realized and be offset by the opposite effect on the physical gold sales in each period. The result will be that the net cash proceeds for hedged gold ounces will fall within the put/call collar amounts, dependent on gold prices at the time.

SUMMARY OF QUARTERLY RESULTS

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

	2020			2019				2018
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total revenue	$ 12,215	$ 3,669	$ 15,667	$ 14,484	$ 14,888	$ 12,280	$ 8,103	$ -
Net income (loss)	(11,750)	(22,861)	(16,131)	(7,145)	(15,182)	(25,900)	(13,354)	(10,061)
Income (loss) per share - basic and fully diluted	(0.014)	(0.027)	(0.023)	(0.011)	(0.024)	(0.043)	(0.022)	(0.013)

The factors with the biggest impact on revenue and net income/(loss) on a quarterly basis include the declaration of commercial production on January 1, 2019, volume of gold produced and sold during a quarter, the market price of gold and the US dollar exchange rate. Additional factors impacting net income/(loss) include changes in the Company's capital structure, including changes to the levels of borrowing and the changes in the cost of borrowing. The suspension of operations at the Sugar Zone Mine from March 30, 2020 to July 16, 2020 had a negative impact on financial results.

The Company's sales or operations are not affected by seasonality, but fluctuations in the market price of gold and the US dollar exchange rate could have a material impact on the Company's results of operations. Results of operations in 2020 were negatively impacted in Q2 and Q3 due to the suspension of operations related to the Covid-19 pandemic. Average gold prices remained fairly constant during Q1 2019 and Q2 2019 at around US $1,300 per ounce; however, gold prices increased in Q3 and Q4 2019 to around US$1,475 per ounce, impacting revenue positively in Q3 2019 and Q4 2019. Gold prices continued to improve in 2020 ranging from approximately US$1,580 per ounce in Q1 2020 to approximately US$1,908 per ounce in Q3 2020. In Q2 2020, increased gold prices had a net negative impact on results, as lower gold sales as a result of the suspension of operations was not sufficient to offset an increase in the hedge liability due to the higher gold prices.

A 4% decline in the US dollar over the course of 2019 had a negative impact on revenue on a quarter to quarter basis, as all sales are denominated in US dollar. The weakening US dollar also resulted in unrealized foreign exchange gains on the Company's US dollar denominated debt and gold hedge balances from quarter to quarter, impacting net income/(loss) positively. In Q1 2020, the US dollar strengthened against the Canadian dollar by 9%, more than reversing the unrealized gains on debt and gold hedge balances but impacting revenue positively. The US dollar weakened by 4% over the course of Q2 2020 and another 2% in Q3 2020, partially offsetting the impact of the strengthened US dollar in Q1 2020.

In Q2 2019, the Company replaced the Appian Debt and Sprott Debt with the BNP Debt Facilities which has reduced borrowing costs from Q3 2019 onwards, however, resulted in a one-time loss in Q2 2019 of $10.4 million related to the Sprott Debt. Additional interest and accretion expenses are being incurred from Q3 2020 onwards, related to the Appian Debt Facility. Income (loss) in Q4 2019 and Q3 2020 was positively impacted by the gain on the sale of a royalty of $3.7 million and $0.6 million respectively.

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

FINANCIAL POSITION

The Company's financial position at September 30, 2020 and December 31, 2019 is summarized as follows:

	September 30 2020	December 31 2019
Current assets	**$ 31,096**	$ 9,887
Long term assets	**118,645**	112,882
Total assets	**$ 149,741**	$ 122,769
Payables and accruals	**$ 12,734**	$ 25,630
Flow through share premium	**9,872**	920
Current portion of derivative liabilities	**16,929**	3,947
Current portion of long-term debt	**16,773**	8,911
Long term portion of derivative liabiltiies	**37,790**	15,366
Long term liabilities	**105,484**	86,168
Total liabilities	**199,582**	140,942
Shareholders' equity	**(49,841)**	(18,173)
Total liabilities & shareholders' equity	**$ 149,741**	$ 122,769

The Company's cash and cash equivalents increased to $21.4 million at September 30, 2020 from $2.1 million at December 31, 2019, primarily due to the completion of a flow-through private placement offering for net proceeds of $25.7 million in March 2020 and the completion of the US$30.0 million Appian Financing in July/August 2020, offset by operational and capital expenditure requirements. Operations required $14.2 million in cash in the nine months ended September 30, 2020, due to reduced earnings as a result of the suspension of operations at the Sugar Zone Mine. A further $16.3 million was invested in mine development and additions to plant and equipment, and $1.3 million was posted as collateral for the Company's environmental bonding obligations. The cash outflow from investing activities was partially offset by the disposition of a 0.5% NSR which generated proceeds of $2.7 million.

Long-term assets primarily consist of property, plant and equipment at September 30, 2020. In connection with the Redpath Close-Out Agreement, the Company acquired $0.8 million of equipment from Redpath and $0.8 million of critical spare parts. The additions during the year were partially offset by depreciation and depletion of $7.6 million.

Decreases in payables and accruals during the nine months were largely as a result of the reduced levels of operations in Q2 2020, the use of proceeds from the Appian Financing and the transition from contractor mining to owner operated mining.

The flow through share premium of $0.9 million as at December 31, 2019 was renounced early in 2020 and the balance of $9.9 million at September 30, 2020 will be renounced in stages as the proceeds from the March 2020 flow-through offering is spent on qualifying CDE expenditure.

At September 30, 2020, $117.0 million was outstanding on the BNP Debt Facilities, Appian Debt Facility, leases and a mortgage, of which $16.9 million was classified as current. The increase of $27.0 million in debt was primarily the result of the completion of the Appian Facility in August 2020 and the strengthening of the US dollar during the period, causing an unrealized foreign exchange loss of $2.8 million, partially offset by principal repayments on the BNP Debt Facilities during the period of $3.6 million.

At September 30, 2020, the Company had derivative liabilities with a fair value of $54.7 million of which

$16.9 million is considered a current liability. In connection with the BNP Debt Facilities, the Company put a gold hedge program in place, consisting of zero cost put/call options. Due to the gold price movement from US$1,351 on June 14, 2019 to US$1,885 on September 30, 2020, the fair value of the hedge position resulted in a liability of $47.0 million, of which $16.9 million is classified as current. Cash payments of $4.2 million were made to BNP during the nine months ended September 30, 2020 on the gold hedges with the September 30, 2020 contracts of a further $1.2 million being settled in early October 2020. The Appian Facility contains derivative liabilities with a fair value of $7.7 million at September 30, 2020 compared to $nil at December 31, 2019.

Shareholders' equity decreased by $23.2 million during the nine months ended September 30, 2020 due to the net loss of $50.8 million for the period, partially offset by the net proceeds from the March 2020 flow-through private placement after adjustments for the flow-through premium of $9.9 million, which is recognized as a current liability.

LIQUIDITY AND CAPITAL RESOURCES

Appian Financing

On July 14, 2020, the Company entered into a financing agreement with an affiliate of a major shareholder, ANR Investments B.V. ("Appian"), to provide up to US$28 million in funding (the "Appian Debt Facility"). Concurrently with entering into the Appian Debt Facility, the Company also agreed to the sale of a 0.5% royalty for US$2 million in proceeds from an affiliate of Appian (together with the Appian Debt facility, the "Appian Financing") and issued 6,970,844 common shares and 7.5 million share purchase warrants to Appian. The Appian Debt Facility was drawn down in two tranches. On July 14, 2020, the Company received US$9.5 million in proceeds from the first tranche to facilitate a restart of the Sugar Zone Mine. The second tranche of US$18.5 million was drawn down on August 28, 2020 after receipt of consent to the Appian Financing from BNP, the perfection of the 2nd lien security agreement over the Company's assets and the execution of an intercreditor agreement between Appian and BNP as well as other customary conditions. The Company also received US$2 million from the royalty sale on August 28, 2020. Interest on the Appian Debt Facility is payable monthly and is settled through the issuance of common shares. From August 28, 2020, the number of common shares to be issued for each monthly interest payment is determined by the 5-day volume-weighted average price ("VWAP") of the common shares translated into United States dollars by using the 5-day average exchange rate. Upon maturity, the Company will pay a fee to an affiliate of Appian (the "Equity Structuring Fee"), determined primarily by the difference in the VWAP of the common shares over the life of the loan, translated into United States dollars using the average exchange rate over the life of the loan, compared to US $0.086 per share. The Equity Structuring Fee is payable at maturity in cash or in common shares at the Company's election.

An arrangement fee was payable on the US$30.0 million Appian Financing, which was settled through the issuance of 6,970,844 common shares and the Company issued 7.5 million share purchase warrants pursuant to the Appian Financing (collectively, the "Upfront Securities"). The Company also agreed to increase the percentage of gold sold to Appian under its existing offtake agreement from 11.5% of bullion produced to 30%.

The first tranche of the Appian Debt Facility was completed on July 14, 2020 through the issuance of 9.5 million Series B special shares ("Special Shares") at US $1.00 per Special Share for gross proceeds of US$9.5 million. Dividends on the Special Shares were paid monthly and settled in common shares of the Company at a nominal rate of 14% per annum. The number of common shares issued for the settlement of the monthly dividend payment was determined by using the lower of the 5-day volume-weighted average price of the Company's common shares translated into United States dollars at the 5-day average exchange

rate and US $0.086 per share.

The second tranche was completed on August 28, 2020 as a debt facility of US$18.5 million, which was drawn down in full on closing. The Special Shares converted into US$9.5 million principal under the Appian Debt Facility with closing of the second tranche, increasing the principal amount of the Appian Debt Facility to US$28 million on August 28, 2020.

The Company has the option to prepay the Appian Financing prior to maturity by incurring a prepayment penalty of between 10% to 20% of the outstanding principal balance, dependent on when the prepayment is made (the "Prepayment Option"). In the event of a change of control of the Company or when a default occurs pursuant to the Appian Debt Facility, the lender has the option to convert the debt into common shares of the Company with a conversion premium between 10% and 15%, respectively, of the outstanding principal balance (the "Conversion Option"). The number of common shares would be determined based on the 5-day VWAP at the time of the conversion translated into United States dollars at the 5-day average exchange rate. The Company may incur additional interest expense of between 4% and 8% if it fails to achieve or correct certain operational requirements and an additional 5% while an event of default is continuing. The applicable interest rate cannot exceed 22%, even if an event of default and breach of operational requirement occurs at the same time.

The Appian Debt Facility is secured by second priority ranking security over the Company's assets, subordinated to BNP.

The Appian Debt Facility and the intercreditor agreement between Appian and BNP, provide the Company with an uncommitted up to US$20 million accordion option, which may be provided by Appian (or an affiliate) or a third party on similar terms to the Appian Debt Facility. Amounts disbursed under the Accordion Facility may be used by the Company solely for the purpose of prepaying outstanding amounts or to otherwise meet debt services requirements under the BNP Debt Facilities.

The loan was fully drawn at September 30, 2020.

The Company also entered into an offtake agreement with an affiliate of Appian on the same terms and conditions as the original offtake agreement (as amended and except for the repurchase right), pursuant to which the affiliate of Appian was granted an 18.5% offtake of total Refined Gold (as defined in the original offtake agreement (as amended)) produced from the Sugar Zone properties until 500,000 ounces of Refined Gold are delivered.

Pursuant to the terms of the Appian Financing, Appian was granted the right to appoint one additional nominee to the Company's Board of Directors (the "Board"). Appian exercised its right by having Mr. Igor Gonzales appointed to the Board as its nominee, thereby increasing the number of Appian-related nominees from two to three directors on the Board, which is currently comprised of seven directors in total. To facilitate the addition of Mr. Gonzales, Mr. Stephen Roman agreed to resign from the Board. Appian's additional nomination right terminates on repayment of the Appian Credit Facility.

The Toronto Stock Exchange (the "TSX") approved the listing of all of the common shares issuable in connection with the transactions contemplated by the Appian Financing (the "Transactions"). The TSX also granted an exemption to the Company from the requirement to seek shareholder approval for the Transactions pursuant to the financial hardship exemption available to companies listed on the TSX that are in serious financial difficulty, in each case subject to customary conditions. As a result of the Company's reliance on the "financial hardship" exemption, the TSX placed the Company under remedial delisting review, which is customary in these circumstances. On October 20, 2020, the TSX completed its de-listing review and determined the Company is in compliance with all continued listing requirements.

Each of the Transactions is a "related party transaction" as defined in Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company is exempt from the requirements to obtain a formal valuation or minority shareholder approval in connection with the Transactions in reliance on sections 5.5(g) and 5.7(1)(e), respectively, of MI 61-101, as the Company meets the requirements of the financial hardship exemption.

BNP Debt Facilities

On June 14, 2019 the Company completed the BNP debt financing for US $72.5 million. The BNP Debt Facilities consist of a non-revolving term credit facility of US $52.5 million and a revolving term credit facility of US $20.0 million. Up to the effective date of the third amending agreement (see description of the third amendment below), interest on the BNP Debt Facilities was 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.

The BNP Debt Facilities are secured by a lien on all the present and future assets, property and undertaking of Harte Gold as governed by a general security agreement and a demand debenture granted by Harte Gold in favour of BNP.

Principal repayments under the term loan began 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 April 1, 2021 for one of the covenants and June 30, 2021 for the remaining financial covenants. Additionally, the Company covenanted to achieve certain minimum mine and mill production tonnage amounts in each month, but this covenant was removed by the third amendment to the agreement (see below). The Company did not achieve such minimum production tonnages for the month of September 2019 and in 2020 up to the date of the third amendment and obtained waivers from BNP for these breaches.

The BNP Debt Facilities were amended on August 28, 2019 and November 19, 2019 to clarify the definition of certain defined terms and to amend the minimum mine and mill production tonnage amounts. The Company achieved the amended minimum production tonnages for the remainder of 2019. On May 15, 2020, the Company and BNP entered into a third amending agreement, that provided for the following:

- Waiver of any breaches of the minimum mine and mill production covenant during 2020, to the effective date of the third amendment;
- Removal of the minimum mine and mill production covenant from the credit agreement from the effective date of the third amendment;
- Postponement of the date on which financial covenants must be complied with, to April 1, 2021 for one of the covenants and June 30, 2021 for the remaining financial covenants (other than a reserve tail ratio covenant);
- Rescheduling of the principal repayments under the non-revolving term credit facility due June 30, 2020 and September 30, 2020 over the remaining term of the credit agreement, starting on March 31, 2021;
- An increase in the interest rates payable under the credit agreement to the following (dependent on leverage ratios):
    - LIBOR plus a margin of 3.375% to 4.375%
    - Alternate Base Rate plus a margin of 2.375% to 3.375%
    - standby fee ranging from 1.506% to 1.856%;

- Mandatory prepayment of the non-revolving term loan from excess cash flow as defined in the third amending agreement until an aggregate total of US$16.7 million has been repaid; and
- Cash management arrangements, including depositing all payments and receivables in an account maintained with BNP.

The Company has also rescheduled hedge quantities for April and May 2020 under the Company's gold hedge program with BNP to the first three months of 2021, resulting in a deferral of payments due to BNP under the hedge program in April and May 2020.

On August 28, 2020, in connection with the Appian Financing, the BNP Debt Facilities were further amended to permit the Appian Financing. The Company made a US$1 million prepayment on the BNP Debt Facilities pursuant to this amendment, in part due to the granting of the additional 0.5% royalty to an affiliate of Appian.

The Company is currently in discussions with BNP regarding the restructuring of the principal repayments due under the BNP Debt Facilities in order to defer principal repayments due during 2021. There is no assurance that the Company will be able to finalize an agreement with BNP on the rescheduling of the debt on commercially acceptable terms.

On exercising its option to issue a 1.5% royalty under the Standby Commitment with Appian, the Company was obligated to make a US$4 million prepayment on the BNP Debt Facilities in December 2019.

The BNP Debt Facilities were fully drawn down at September 30, 2020.

Echelon bought deal prospectus offering

On October 2, 2019, the Company completed a bought deal prospectus offering with Echelon Wealth Partners Inc. for 23,000,000 flow-through common shares at a price of $0.30 per common share for gross proceeds of $6,900,000. The gross proceeds from the issuance of the flow-through shares will be used for CEE eligible expenditure as defined in subsection 66(15) of the Income Tax Act (Canada).

Up to September 30, 2020, actual expenditure compared to the anticipated use of proceeds from the private placement are as follows:

	Anticipated	Actual to September 30 2020
Geophysics & Prospecting	$794	85
Drilling	$5,157	510
Exploration Personnel	$949	510
Total:	**$6,900**	**$1,105**

On July 10, 2020, the Canadian Federal Department of Finance announced an extension of the timeline to spend the proceeds from flow-through funding by 12 months. The Company renounced the eligible CEE for this offering effective December 31, 2019 and therefore would have to had incurred the eligible CEE in 2020, but due to the 12 month extension, now has until December 31, 2021 to incur the eligible CEE. The announcement also included a proposal to apply Part XII.6 tax as if the expenditures were incurred up to one year earlier than the date they were actually incurred. The proposed changes will not be effective until the relevant legislative amendments have been passed.

The Company is re-evaluating its planned exploration expenditure during the remainder of 2020 and during 2021 to ensure that eligible CEE expenditure is incurred in the required timeframe.

Canaccord and Haywood led private placement

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

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

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

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

Working capital and cash used in operations

The Company had a working capital deficit of $25.2 million at September 30, 2020 compared to a deficit of $29.5 million at December 31, 2019. During the nine months ended September 30, 2020, the Company's operations required $14.2 million in cash, mostly due to reduced earnings as a result of the temporary suspension of the Sugar Zone Mine on March 30, 2020. The operational cash deficit was financed from cash on hand at December 31, 2019 of $2.1 million and proceeds from the Canaccord and Haywood led private placement and the proceeds from the Appian Financing. Operations resumed at the Sugar Zone Mine on July 17, 2020.

The US$30 million Appian Financing, together with cash from operations, is expected to be sufficient to fund the working capital requirements associated with the restart of the Sugar Zone Mine as well as planned sustaining capital investment activities through 2021, but the Company may not have sufficient liquidity to fully cover scheduled senior debt principal repayments in 2021 (see discussion in *Investing activities and current and future sources of funding* below).

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

Investing activities and current and future sources of funding

Capital expenditure of $16.4 million in the first nine months of 2020 were funded from cash on hand, proceeds from the Canaccord and Haywood led private placement that closed in March 2020 and proceeds from the Appian Financing.

Capital expenditure for the remainder of 2020 and 2021 will be funded from the proceeds of the Appian Financing. The Company is continuing discussions with various parties on finalizing equipment financing.

The BNP Debt Facilities and the Appian Debt Facility were fully drawn down at September 30, 2020. The Appian Debt Facility and the intercreditor agreement between Appian and BNP, provide the Company with an uncommitted up to US$20 million accordion option ("Accordion Facility"), which may be provided by Appian (or an affiliate) or a third party on similar terms to the Appian Debt Facility. Amounts disbursed under the Accordion Facility may be used by the Company solely for the purpose of prepaying outstanding amounts or to otherwise meet debt services requirements under the BNP Debt Facilities. The Company expects to be in compliance with all covenants related to the BNP Debt Facilities, as amended, for the remainder of 2020. The Company is reliant on a positive outcome in its discussions with BNP regarding the deferral of principal repayments due during 2021. In the event that the principal repayments due during 2021 are not deferred, the Company will likely need to raise funding in order to make the required principal repayments.

The Company's ability to continue as a going concern is dependent on the successful ramp-up and operation of its one mining property, the Sugar Zone Mine, its ability to manage its working capital deficiency, satisfactory agreement with BNP on the deferral of scheduled principal repayment for 2021, agreement with a lender on an equipment lease for operating equipment at the Sugar Zone Mine, its ability to access alternative funding, if required, and on obtaining waivers and/or debt facility amendments for any covenant breaches, if required. If revenues generated from future mining activities are not sufficient to cover operating costs, working capital requirements, capital costs and the payment of debt obligations, the Company will have to access sources of funding, including capital markets. There can be no assurance that the Company will be able to obtain any required financing in the future or on favorable terms. Due to uncertainties surrounding a number of factors such as, but not limited to, the restart of the Sugar Zone Mine, the ability to raise additional funds, exploration results, mine operating results, the price of underlying commodities and financial market conditions, it is not possible to predict the success of the Company's efforts in this regard. These factors indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

COMMITMENTS AND CONTINGENCIES

The Company has the following commitments at September 30, 2020:

	Total	2020	2021 - 2023	2024-2025	2026 onwards
Accounts payable and accrued liabilities	$ 12,734	12,734	-	-	-
BNP Debt Facility					
- Principal	91,187	2,164	83,423	5,600	-
- Interest	9,202	2,203	6,824	175	-
Appian Debt Facility[1]					
- Principal	37,348	-	37,348	-	-
Lease obligations	2,630	791	1,359	480	-
Mortages	348	138	210	-	-
Contractual commitments	579	579	-	-	-
Minimum payments to First Nations[2]	7,200	600	1,800	1,200	3,600
Other	70	70	-	-	-
Total contractual obligations	**$ 161,298**	**$ 19,279**	**$ 130,964**	**$ 7,455**	**$ 3,600**

Notes:

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

Under the terms of an agreement with Maximos Metals Corp. ("Maximos"), Maximos is entitled to a bonus grant of 10 million options, conditional on certain economic thresholds being met on one of the exploration targets identified by Maximos within a 10 year period.

OFF-BALANCE SHEET ARRANGEMENTS

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

FINANCIAL INSTRUMENTS AND CRITICAL ACCOUNTING ESTIMATES

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

The Company may issue hybrid financial liability instruments which may contain debt instruments, derivative instruments, and/or equity instruments. The Company shall determine the fair values of each instrument contained in the hybrid financial liability instrument and record the initial fair value of the

instruments. Subsequent to the initial measurement, the Company shall apply its accounting policies to each component of the hybrid instrument as if it were a separate instrument. Judgement is involved in assessing the fair value of the individual components of a hybrid financial instrument which maybe calculated using an appropriate valuation model for multivariable options. The main assumptions used in a multivariable simulation option model include the estimated life of the option, the expected volatility of the Company's common share price, the expected volatility of the US/CAD dollar exchange rate, the expected dividends and the risk-free rate of interest in Canada and the United States. Judgement is also required in assessing the likelihood of an event of default, the likelihood of a change of control and assessing changes in the Company's credit risk premium.

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

RELATED PARTY TRANSACTIONS

Transactions with Appian

Appian is a related party as a result of its ownership of approximately 23.1% of Harte Gold's issued and outstanding common shares at November 12, 2020 and Appian's right to appoint three directors to the Board. The Company has entered into several funding transactions with Appian and Appian has the right to maintain their ownership percentage in the Company through pro-rata participation in any equity financings. Affiliates of Appian own an additional 1.8% of Harte Gold's issued and outstanding common shares at November 12, 2020.

Transactions with Global Atomic Corporation

Management services by certain of the Company's officers were provided on a contract basis to both the Company and Global Atomic Corporation in 2019, either directly or through corporate entities related to such officers. Additionally, the Company shared its premises and the costs of certain support personnel with Global Atomic Corporation and reimbursed Global Atomic Corporation for its share. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. During the nine months ended September 30, 2020, Global Atomic Corporation charged the Company $0.2 million for rent due and $0.1 million was due to Global Atomic Corporation at September 30, 2020. During 2019, the Global Atomic Corporation charged the Company $0.2 million for shared premises and support personnel and $0.1 million was due to Global Atomic Corporation at December 31, 2019.

RISKS AND UNCERTAINTIES

Mineral exploration, development and operation of mining properties involves several risks which experience, knowledge and careful evaluation may not be sufficient to overcome. Large capital expenditures are required in advance of anticipated revenues from operations. Many exploration programs do not result in the discovery of mineralization; moreover, mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in the conduct of exploration programs and the operation of mines. The commercial viability of exploiting any

precious metal deposit is dependent on a number of factors including infrastructure and governmental regulations, in particular those respecting the environment, price, taxes, and royalties. No assurance can be given that minerals of sufficient quantity, quality, size and grade will be discovered on any of the Company's properties to justify commercial operation

The global COVID-19 crisis continues to evolve including the continuing imposition of restrictions on the movement of people and goods, social distancing measures, restrictions on group gatherings, quarantine requirements and contact tracing. The Company has been closely monitoring and taking necessary measures to manage the impact of the COVID-19 crisis on its operations. The Company has taken extensive steps, at its Sugar Zone Mine and corporate office, to protect the health and safety of employees, contractors and local communities in response to the COVID-19 crisis. However, given the unforeseen conditions resulting from the ongoing COVID-19 crisis, there can be no assurance that the Company's response and business continuity plans will continue to be effective in managing the crisis and that changing conditions could result in a material adverse effect on the Company's business, financial condition and/or results of operations.

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

NON-IFRS MEASURES

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

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

Mine Operating Cash Flow and EBITDA is non-IFRS measure, does not have a standardized meaning prescribed by IFRS and may not be comparable to similar terms and measures presented by other issuers.

Mine Operating Cash Flow comprises net revenues, less production costs and inventory changes.

EBITDA comprises earnings before income taxes, interest expense (income) and financing expense (income), amortization expense, foreign exchange loss (gain), hedging loss (gain) and other expenses including management fees, sales commissions; gain on sale of property, plant and equipment and impairment charges.

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

A reconciliation of Mine Operating Cash Flow and EBITDA is provided below:

	Sep 30 2020	Mar 31 2020	Sep 30 2019
Revenues net of treatment, refining	12,215	15,667	14,888
Royalties	(552)	(704)	(412)
Production costs	(6,973)	(11,072)	(15,138)
Mine Operating Cash Flow	**4,690**	**3,891**	**(662)**
Corporate general and administrative expense	(1,823)	(1,971)	(1,476)
Gold Hedge Payments	(3,409)	(709)	0
EBITDA	**(542)**	**1,210**	**(2,138)**

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

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

A reconciliation of Cash Cost and AISC is provided below:

	Sep 30 2020		Mar 31 2020		Sep 30 2019	
	Cost (C$ 000)	Cost (US$/oz)	Cost (C$ 000)	Cost (US$/oz)	Cost (C$ 000)	Cost (US$/oz)
Treatment and refining costs	129	*20*	309	*30*	469	*46*
Royalties	552	*85*	704	*69*	412	*40*
Production Costs	6,973	*1,072*	11,072	*1,082*	15,138	*1,469*
Cash Costs	**7,654**	***1,177***	**12,085**	***1,181***	**16,019**	***1,554***
Management and consulting fees	228	*35*	157	*15*	264	*26*
Salaries, benefits and directors fees	800	*123*	617	*60*	236	*23*
Severance pay	0	*0*	360	*35*	0	*0*
Legal fees	181	*28*	443	*43*	737	*71*
Office and general	473	*73*	213	*21*	103	*10*
Shareholders' information	115	*18*	80	*8*	97	*9*
Travel & Accommodations	25	*4*	101	*10*	39	*4*
Corporate G&A	1,823	*280*	1,971	*193*	1,476	*143*
Mine development costs	4,401	*677*	5,981	*584*	4,504	*437*
Plant and equipment additions	2,584	*397*	1,465	*143*	1,144	*111*
Total Costs (AISC)	**16,462**	***2,532***	**22,473**	***2,196***	**21,765**	***2,112***
Gold ounces sold	4,882		7,637		7,805	
Tonnes Processed	36,367		51,705		56,558	
FX Rate	0.75		0.75		0.76	
Cost Statistics (in dollars)						
Cash Operating Cost (C$/tonnes processed)	210		234		283	
Cash Operating Cost (US$/oz)	1,177		1,181		1,554	
AISC (US$/oz)	2,532		2,196		2,112	

OUTSTANDING SHARE DATA AS OF NOVEMBER 12, 2020

Issued and outstanding common shares	870,812,948
Share purchase warrants	33,963,388
Stock options	47,642,420
Restricted share units	11,354,020
Deferred share units	4,276,325
Total	**968,049,101**

The 9,500,000 Series B special shares issued pursuant to the Private Placement with Appian on July 14, 2020 were converted to debt on August 28, 2020.

The Company established a DSU plan for directors and a RSU plan for officers and employees, both of which were approved by shareholders on June 24, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

The President and Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control framework was designed based on the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

There was no change in the Company's internal controls over financial reporting that occurred during the first nine months of 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

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

QUALITY CONTROL

Analytical work was performed by Activation Laboratories of Thunder Bay (Ontario), a certified commercial laboratory (Accredited Lab #673). Sample preparation was done at Activation Laboratories of Thunder Bay (Ontario). Assaying was done by fire assay methods with an atomic absorption finish. Any sample assaying >3 g/t Au was rerun by fire assay method with gravimetric finish, and any sample assaying >10 g/t Au was rerun with the metallic sieve method. Grab samples are selective by nature and are not necessarily representative of the mineralized zones. The sampling procedure and interpretation of the results were done by qualified employees using a QAQC program conformed to the best practices in the industry. In addition to laboratory internal duplicates, standards and blanks, the exploration department inserts blind duplicates, standards and blanks into the sample stream to monitor quality control.

QUALIFIED PERSONS

The scientific and technical disclosure in this MD&A have been reviewed and approved by Vincent Cardin-Tremblay, P.Geo., who is a "qualified person" under National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101").

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, and are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. All statements in this MD&A that address events or developments that we expect to occur in the future are forward-looking statements.

Forward-looking statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Such risks and uncertainties include, but are not limited to, risks associated with projections; outlook; guidance; forecasts; estimates; and other statements regarding future or estimated financial and operational performance events, gold production and sales, revenues and cash flows, capital and operating costs, including projected cash, operating costs, and budgets; the impact of the COVID-19 pandemic on Harte Gold's operations, including any restrictions or suspensions with respect to our operations and the effect of any such restrictions or suspensions on our financial and operational results; the ability of Harte Gold to successfully maintain its operations if they are temporarily suspended, and to restart or ramp-up these operations efficiently and economically, the impact of COVID-19 on Harte Gold's workforce, suppliers and other essential resources and what effect those impacts, if they occur, the impact on Harte Gold's business; future or estimated mine life, metal price assumptions, ore grades and sources, recovery rates, stripping ratios, throughput, ore processing; statements regarding anticipated exploration, drilling, development, construction, permitting and other activities or achievements of Harte Gold; and including, without limitation: Harte Gold's ability to meet its projected gold production of between 20,000 and 24,000 ounces in 2020 and between 60,000 and 65,000 ounces in 2021; the continued qualification for listing on the TSX; there being no events of default or breaches of key financing agreements, including agreements with BNP Paribas and Appian and Harte Gold having further potential through exploration at the Sugar Zone Property, and those risks associated with the mining industry, including delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses and health, safety and environmental risks, the risk of commodity price and foreign exchange rate fluctuations; as well as other factors identified and as described in more detail in Harte Gold's most recent Annual Information Form, and Harte Gold's other filings and in other filings of the Company with securities and regulatory authorities which are available on SEDAR at www.sedar.com.

Readers are cautioned that the foregoing list of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this document are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new

information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

November 12, 2020

"Frazer Bourchier"

Frazer Bourchier
President and Chief Executive Officer

"Graham du Preez"

Graham du Preez
Chief Financial Officer