

Harte Gold Reports Fourth Quarter and Full-Year 2020 Results and Provides Corporate Update

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TORONTO, March 24, 2021 - [Harte Gold Corp.](#) ("Harte Gold" or the "Company") (TSX: HRT) (OTC: HRTFF) (Frankfurt: HRT1) is pleased to report its results for the three months and year ended December 31, 2020.

The Company's audited annual financial results for the year ended December 31, 2020 ("FY 2020"), together with its Management's Discussion and Analysis ("MD&A") for the corresponding period, can be accessed under the Company's profile on [www.sedar.com](#) and on the Company's website at [www.hartegold.com](#). All currency references in this press release are in Canadian dollars except as otherwise indicated.

Operational Highlights

- Gold production: 25,649 ounces of gold for FY 2020, exceeding the upper end of the Company's revised guidance of 25,000 to 26,000 ounces. Q4 2020 production of 10,835 ounces was the highest quarter of production on record.
- Grade improvement: Average head grade of 6.3 g/t Au for FY 2020 was a 37% improvement over FY 2019 (4.6 g/t Au). Average head grade in Q4 2020 of 7.7 g/t Au represents the highest quarterly average grade on record.
- Mill operating smoothly: 134,360 tonnes processed in FY 2020, averaging 519 tpd over 259 days of operation.
- Transition to owner-operated at the Sugar Zone mine was completed.

Financial Highlights

- Revenues: \$53.5 million in revenue from 23,345 ounces sold for FY 2020 (\$49.8 million and 28,114 ounces respectively in FY 2019).
- Mine Operating Cash Flow¹: \$18.0 million in FY 2020 (\$1.5 million in FY 2019).
- EBITDA¹: Negative \$0.6 million for FY 2020 (negative \$9.6 million in FY 2019).
- Cash Cost¹: US\$1,155/oz in FY 2020, (US\$1,326/oz in FY 2019).
- AISC¹: US\$2,340/oz in FY 2020, (US\$2,406/oz in FY 2019).
- Liquidity position: Cash on hand at December 31, 2020 was \$8.2 million (\$2.1 million at December 31, 2019).

Highlights Subsequent to Quarter-End:

- Planned Expansion: On January 20, 2021, Harte Gold announced that it would be proceeding with an expansion of the Sugar Zone mining operation and, on March 5, 2021, the Company filed a technical report in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") (the "Technical Report"). Highlights of the 1,200 tonne per day expansion include:

- Low-cost expansion: \$21.0 million in expansion capital to grow throughput from 800 tpd to 1,200 tpd in Q1 2023.
- 58% increase in annual gold production: Increased throughput is expected to drive gold production to 102,000 ounces in 2023 and deliver sustainable annual gold production of 98,700 ounces from 2023 to 2027.
- Attractive cost profile: AISC is expected to decline to an average of US\$1,025 per ounce from 2023 to 2027.
- Annual Mine Free Cash Flow: Expected to increase from \$36.0 million in 2021 to \$96.0 million by 2023.
- Short expansion timeframe: Consistent production improvements are expected through to 2023 when a 1,200 tpd steady-state is achieved.
- After-tax IRR of 89%: Reflects significant incremental cash flow improvement over 800 tpd scenario.
- NPV_{5%} of \$417.0 million (pre-tax) and \$332.0 million (post-tax): Adds considerable value to Harte Gold's net asset value.
- Debt Refinancing Proposal: On March 18, the Company announced that it had received a non-binding indicative proposal from BNP Paribas ("BNP") to reschedule approximately \$50 million of the scheduled amortization payments under the Company's senior debt facility with BNP and extending the overall maturity to June 2025 (the "BNP Proposal").
- Strategic Investment: On March 24, 2021, the Company closed a strategic investment by New Gold Inc. ("New Gold") for gross proceeds of \$24.8 million (the "Strategic Investment").

1 Non-IFRS measure. Refer to definition of non-IFRS measures in the Company's MD&A for a reconciliation.

Frazer Bourchier, President and CEO commented:

"Much of the focus since I joined the Company in September 2020 has been on identifying and mitigating risks in achieving our 800 tonnes per day mining rate, initially stabilizing operations at the Sugar Zone mine, and, in turn, providing a solid foundation upon which to grow. I am pleased with the team's operational performance in the fourth quarter which continues to be one of the most progressive steps in achieving our operational strategy. We achieved record quarterly gold production from the Sugar Zone in 2020 and will continue to focus on reducing our unit cash costs and producing a growing margin cash flow ounce production. The attained improvements across all of the operating and development metrics that are integral to Harte Gold ramping up production in 2021 to a sustainable 800 tonnes per day and significantly improving the economics and cash generative potential of the Company. With our stable and growing operational foundation, and future intended exploration success, I am confident that the Harte Gold team has a clear, realistic and executable pathway to unlocking the tremendous potential of the Sugar Zone property, one of Canada's largest gold land packages."

Mr. Bourchier concluded, "Harte Gold is well-positioned to thrive in 2021. The recently completed \$24.8 million Strategic Investment from New Gold, in addition to the BNP Proposal, will put Harte Gold in a considerably improved financial position with much enhanced liquidity to fund our operation through the next year. This includes the ramp-up of production at the Sugar Zone from approximately 25,000 ounces of gold in 2020 to between 60,000 to 65,000 ounces in 2021, and an acceleration of the planned transformative expansion to 1,200 tonnes per day by Q1 2023."

Conference Call and Webcast:

Date: Thursday, March 25, 2021, 10:00 am EST

Webcast access: Via Harte Gold's website at www.hartegold.com (details on home page) or the following link: https://produceredition.webcasts.com/starthere.jsp?ei=1437813&tp_key=934625105b

Telephone access:

Toronto local and international: 647-427-7450

Toll-free (North America): 1-888-231-8191

Conference ID

2294043

Operating and Financial Summary for Q4 and Full-Year 2020:

The following table compares operating and financial performance for Q4 and Full-Year 2020 relative to the preceding year-on-year quarter and full-year 2019.

	Units	Three months ended		Year ended	
		Dec 31 2020	Dec 31 2019	Dec 31 2020	Dec 31 2019
Operating Performance					
Ore Tonnes Processed	Tonnes	46,288	53,162	134,360	201,214
Average Daily Throughput ¹	tpd	503	591	519	559
Head Grade	g/t	7.7	5.0	6.3	4.6
Recovery	%	95.0%	93.3%	94.2%	92.5%
Gold Ounces Produced	oz	10,835	8,017	25,649	27,316
Gold Ounces Sold	oz	9,228	7,537	23,345	28,114
Key Financial Data					
Revenues, net	000 \$	21,950	14,485	53,501	49,755
Mine Operating Cash Flow ²	000 \$	8,679	1,992	18,039	1,497
EBITDA ²	000 \$	1,935	(875)	(581)	(9,620)
Net income / (loss)	000 \$	10,562	(7,145)	(40,179)	(61,581)
Net (decrease) / increase in cash	000 \$	(13,185)	1,205	6,152	(5,197)
Cash on hand at end of period	000 \$	8,248	2,096	8,248	2,096
Cost Statistics					
Average Realized Gold Price ²	US\$/oz	1,843	1,487	1,732	1,366
Realized Gold Price After Hedge ²	US\$/oz	1,547	1,487	1,446	1,366
Cash Operating Cost	C\$/tonne processed	291	241	269	246
Cash Cost ²	US\$/oz	1,122	1,287	1,155	1,326
AISC ²	US\$/oz	2,365	2,167	2,340	2,406

1) 2020 figures based on 259 operating days, including mine operating days in Q3 2020.

2) Non-IFRS measure. Refer to definition of non-IFRS measures in the Company's MD&A for a reconciliation.

2021 Outlook:

- Gold production: 60,000 to 65,000 ounces.
- Mining and Milling throughput: 800 tpd rate achieved during Q1 2021 and then through remainder of 2021.
- Cash Cost per ounce: US\$800 to US\$850.
 - Includes full owner-operated workforce.
- AISC: US\$1,400 to US\$1,550 per ounce.
 - Mine development: \$26.0 million.
 - Other capital: \$13.0 million, includes upgrade of existing camp and construction of a heavy equipment shop

- Regional exploration approximately \$5.0 million to identify and develop new zones of mineralization.

2020 Operational Performance:

Safety

No lost time incidents were reported since the operational restart in July 2020, with only one lost time incident for the full year.

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

Mine Production

Ore production from underground averaged 526 tonnes per day for 2020. 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 commence mining from the Middle Zone for initial ore production by the second half of 2021.

The transition to owner-operator was completed in the fourth quarter. Redpath's mobile equipment has been fully secured and now managed by Harte Gold, and the majority of the Redpath mine workforce was transitioned from contract miner to employee-based in the third quarter.

Mine Capital Development

Development rates for the main decline ramps and the horizontal stope access levels have improved steadily since the re-commencement of mining in late July 2020. Improved efficiencies, along with additional mobile equipment, had a positive impact on development rates for Q4 2020 and have resulted in increased ore mining rates in early 2021.

The Company will be adding an additional single boom jumbo to its equipment fleet in Q2 2021, establishing sufficient capacity to achieve targeted rates for 2021. The focus remains on workforce productivities, mine planning and geology, longhole operations and blasting, and equipment availability to ensure improved mining and throughput rates are maintained throughout 2021.

Processing

The process plant was restarted on August 5, 2020. The mill performed as planned, averaging 503 tpd since re-start. The Company will reconfirm the mill is currently not a bottleneck and will support 800 tpd throughput as mine production is increased.

A total of 134,360 tonnes was processed in 2020, including 46,288 tonnes of ore processed in Q4 2020. The average grade processed was 6.3 g/t Au. Average recovery for FY 2020 was 94.2%, inline with plan continuing into 2021.

Grade Control

Processed grade at the Sugar Zone mine improved over 2020 due to the higher-grade areas of the mine that became available at depth and, overall, reconciled positively to the mineral resource model. Grade control practices continue to be a priority to minimize ore dilution.

Continuing into 2021, the average grade is expected to be around 7.1 g/t Au close to life of mine mineral reserve grade with higher grade areas to be mined as compared with 2020.

Liquidity and Capital Resources:

Subsequent to quarter end, the Company completed a \$24.8 million private placement offering of 154,940,153 common shares.

New Gold at a price of \$0.16 per common share for gross proceeds of \$24,790,424. The Company will use the proceeds for development, the planned Sugar Zone expansion to 1,200 tonnes per day, and the scheduled March 31, 2021 debt payment to BNP. In exchange for waiving the (i) right to receive up to 35% of the net proceeds of the Strategic Investment for debt under the August 28, 2020 Facility Agreement (the "Appian Facility"); and (ii) participation right under the November 23, 2020 Subscription Agreement, the Company granted Appian a deferred participation warrant that will allow Appian to acquire 55,802,812 Common Shares at \$0.18 per share for a period of 15 months following the closing of the Strategic Investment ("Appian Deferred Participation Warrant"). The Appian Deferred Participation Warrant is not exercisable by Appian, subject to certain exceptions, for a period of 12 months following the closing of the Strategic Investment. New Gold was also granted a warrant (the "New Gold Warrant") which provides New Gold with the right, subject to Appian exercising the Appian Deferred Participation Warrant, to acquire up to 8,314,619 additional Common Shares at \$0.18 per Common Share in order to maintain a pro rata interest in the Company.

Also, after quarter-end, the Company received the BNP Proposal to reschedule principal debt payments under the Company's senior debt facility with BNP, deferring approximately US\$38.4 million in principal debt payments over 2021 and 2022 and extending the overall maturity to June 2025. The BNP Proposal is subject to certain conditions including: (i) obtaining final BNP approvals; (ii) the extension of the maturity of the Appian Debt Facility from June 2023 to June 2025, to which Appian agreed in principle, subject to negotiating final terms; (iii) shareholder approval being obtained for the extension of the Appian Facility which would be sought by the Company at its upcoming meeting of shareholders in June 2021; and (iv) negotiating definitive documentation with BNP and Appian.

The Strategic Investment and the BNP Proposal place the Company in a significantly improved financial position and provide the Company with sufficient liquidity to fund operations over the next 12 months. The BNP Proposal is expected to occur in the fourth quarter of 2018, but the terms of the amendment will only become effective on receipt of shareholder approval.

About Harte Gold Corp.

Harte Gold holds a 100% interest in the Sugar Zone mine located in White River, Canada. The Sugar Zone Mine entered commercial production in 2019. Production guidance is 60,000 to 65,000 oz Au for 2021. The Company has further potential through exploration at the Sugar Zone Property, which encompasses 81,287 hectares covering a significant greenstone belt. Gold trades on the TSX under the symbol "HRT", on the OTC under the symbol "HRTFF" and on the Frankfurt Exchange under the symbol "H4O".

Cautionary note regarding forward-looking information:

This news release includes "forward-looking statements", within the meaning of applicable securities legislation, which on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that 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", "contemplate", "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.

Specific forward-looking statements in this press release include, but are not limited to, \$21.0 million in expansion capital throughputs from 800 tpd to 1,200 tpd in Q1 2023; increased throughput driving gold production to 102,000 ounces by 2027, delivering sustainable annual gold production of 98,700 ounces from 2023 to 2027; AISC declining to an average of US\$850 per ounce from 2023 to 2027; annual free Cash Flow increasing from \$36.0 million in 2021 to \$96.0 million by 2023; consistent production improvements through to 2023 when a 1,200 tpd steady-state is achieved; the company continuing to focus on unit cash costs and producing a growing margin cash flow ounce production profile; ramping up production in 2021 to a target of 800 tonnes per day and significantly improving the economics and cash generative potential of the Company; having a realistic and executable pathway to unlocking the tremendous potential of the Sugar Zone property; Harte Gold being well-positioned to thrive in 2021; the Strategic Investment and BNP Proposal putting Harte Gold in a considerably improved financial position with much enhanced liquidity to fund its operation through the next year; ramping-up of production at the Sugar Zone from approximately 25,000 ounces of gold in 2020 to between 60,000 to 65,000 ounces in 2021, and an accelerated planned transformative expansion to 1,200 tonnes per day by Q1 2023; 2021 guidance including gold production of 60,000 to 65,000 ounces, mining and milling throughput of 800 tpd; Cash Cost per ounce of US\$800 to US\$850; AISC of US\$1,400 to US\$1,550 per ounce; mine development expenditure of \$26.0 million, other capital expenditures of \$13.0 million and related exploration expenditures of approximately \$5.0 million; opening the Middle Zone for initial ore production by the second quarter of 2021; adding an additional single boom jumbo to its equipment fleet in Q2 2021; the process plant supporting 800 tpd to be increased as mine production is increased; the average grade in 2021 being around 7.1 g/t Au; using the proceeds of the Strategic Investment for mine development, the planned Sugar Zone expansion to 1,200 tonnes per day, and the scheduled March 2021 debt payment to BNP; the Strategic Investment and the BNP Proposal placing the Company in a significantly improved financial position.

position and providing the Company with sufficient liquidity to fund operations over the next 12 months; the BNP Prop occurring in April 2021; and the Company has further potential through exploration at the Sugar Zone Property.

Forward-looking statements are necessarily based upon a number of estimates and assumptions including material estimates and assumptions related to the factors set forth below that, while considered reasonable by the Company as at the date of the release in light of management's experience and perception of current conditions and expected developments, are inherently subject to significant business, economic, and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements, and undue reliance should not be placed on such statements and information. Such risks and uncertainties include, but are not limited to, there being no default or breaches of key financing agreements, including agreements with BNP Paribas and Appian; the Company being unable to attract and retain qualified candidates to join the Company's management team and board of directors, risks associated with the mining industry, including operational risks in exploration, development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimated projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain the necessary permits, agreements, consents or authorizations required for its operations and activities; and health, safety and environmental risks, the risk of commodity price and foreign exchange rate fluctuations, the ability of Harte Gold to fund the capital and operating expenses necessary to achieve the business objectives of Harte Gold, the uncertainty associated with commercial negotiations and negotiating with contractors and other parties and risks associated with international business activities, as well as other risks and uncertainties which are more fully described in the Company's Annual Information Form dated March 25, 2020, and the annual filings of the Company with securities and regulatory authorities which are available on SEDAR at www.sedar.com.

Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Readers are cautioned that the foregoing risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this news release as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statement, except as required by applicable securities laws. Please see "Forward-Looking Statements" in the news release for more information. Investors should also refer to the Company's annual information form and other public documents filed with Canadian securities regulatory authorities, when available, for more information, future events and uncertainties. Please note that the forward-looking statements are expressly qualified by this cautionary statement. The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy of this news release.

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