

Harte Gold Reports Second Quarter 2021 Results and Provides Operational Update

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TORONTO, Aug. 4, 2021 - [Harte Gold Corp.](#) ("Harte Gold" or the "Company") (TSX: HRT) (OTC: HRTFF) (Frankfurt: H) announced today its results for the three months ended June 30, 2021.

The Company's unaudited financial results for three months ended June 30, 2021 ("Q2 2021"), together with its Management 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 unless otherwise indicated.

Q2 2021 Highlights:

- Gold production: Total production of 11,283 oz Au for Q2 2021, compared to 11,776 oz Au in Q1 2021. Q2 2021 production was adversely affected by a six-day mill closure towards the end of June due to a workplace transmission of COVID-19. Subsequent to the announcement, the workplace transmission was contained and the Company did not experience any further adverse effects.
- Ore tonnes processed: Average throughput rate of 674 tonnes per day (tpd) for Q2 2021, compared to 716 tpd in Q1 2021. Ore processed was adversely affected by the six-day mill closure in June.
- Head Grade: 6.1 g/t Au for Q2 2021, compared to 6.1 g/t Au in Q1 2021.
- Revenues: \$26.1 million in revenue from 11,855 gold ounces sold for Q2 2021, compared to \$27.4 million from 12,000 ounces sold in Q1 2021.
- Net earnings/(loss): \$0.9 million net loss in Q2 2021, compared to net earnings of \$5.8 million in Q1 2021.
- Mine Operating Cash Flow¹: \$9.3 million in Q2 2021 as compared with \$9.2 million in Q1 2021.
- Gold hedge impact: Incurred \$2.4 million expense in Q2 2021 for the settlement of 4,800 gold ounces hedged. Average Realized Gold Price¹ after hedge in Q2 2021 was US\$1,631/oz.
- EBITDA¹: \$3.1 million for Q2 2021, compared to \$1.6 million in Q1 2021.
- Liquidity position: Cash on hand at June 30, 2021 was \$11.9 million (\$8.2 million at December 31, 2020). Based on the Company's updated outlook and guidance for 2021, the Company will require additional funding by Q4 2021. The liquidity position is further discussed below under "Liquidity and Capital Resources".

Frazer Bouchier, President and CEO, commented:

"Harte Gold's production plateaued in Q2 2021 and was inline with the previous quarter's operations. The plateau was due to a labour shortage, reduced equipment reliability, and the need for more definition infill drilling and accelerated mine development. In the greater context, the operational turnaround continues to trend positively following restart of the mine in Q4 of last year. Over the first half of 2021, the daily mill process rate improved 25%, the daily mining rate increased 42%, and the monthly gold production rate grew 11%, relative to performance in H2 2020. We continue to see positive trends for July with an upcoming Q3 2021 forecast estimating additional rate improvements of approximately 15% to 40% across key metrics. The overall value proposition disclosed in May 2021 remains intact and I still believe in the long-term value potential of this asset. To unlock and sustain elevated levels of operating performance, accelerating capital and some additional capital is required."

The Company remains focused on maintaining its liquidity while funding the critically important strategic review process which commenced in May 2021 (the "Strategic Review Process") in order to obtain the financing needed for the transformation of the Sugar Zone mine. Harte Gold will continue to evaluate all potential strategic avenues to unlock the underlying potential of the asset."

¹ Mine Operating Cash Flow, Average Realized Gold Price, EBITDA, are non-IFRS measures, refer to the definitions of non-IFRS measures in the Company's MD&A for a reconciliation

Q2 2021 Operating and Financial Summary

	Units	3 months ended			
		June 30 2021	March 31 2021	December 31 2020	September 30 2020
Operating Performance					
Ore Tonnes Processed	Tonnes	61,354	64,418	46,288	36,367
Average Daily Throughput	tpd	674	716	503	649
Head Grade	g/t	6.1	6.1	7.7	5.7
Recovery	%	94.1%	93.7%	95.0%	93.4%
Gold Ounces Produced	oz	11,283	11,776	10,835	6,218
Gold Ounces Sold	oz	11,855	12,349	9,228	4,882
Key Financial Data					
Revenues, net	000 \$	26,054	27,368	21,950	12,215
Mine Operating Cash Flow ¹	000 \$	9,343	9,152	8,679	4,690
EBITDA ¹	000 \$	3,101	1,606	1,935	(677)
Net income / (loss)	000 \$	(920)	5,833	10,562	(11,750)
Net increase / (decrease) in cash	000 \$	(9,184)	12,806	(13,185)	16,511
Cash on hand at end of period	000 \$	11,870	21,054	8,248	21,433
Key Statistics					
Average Realized Gold Price ¹	US\$/oz	1,798	1,768	1,843	1,898
Realized Gold Price After Hedge ¹	US\$/oz	1,631	1,491	1,547	1,374
Cash Operating Cost	C\$/tonne processed	277	287	291	210
Cash Cost ¹	US\$/oz	1,159	1,183	1,122	1,177
AISC ¹	US\$/oz	2,033	1,916	2,882	2,197

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

Operational Update

The following operational update covers the periods of both Q2 2021 and July 2021. Production figures for

July have been reconciled. The Company has chosen to include July figures to illustrate continued operational trends at the Sugar Zone mine. July was a positive operating month, as detailed in following sections. However, longer-term sustainable throughput towards the end of the year and into 2022 necessitates the acceleration of certain capital and operating items. The Company has outlined this in recent disclosures and has summarized again in the following sections.

From An Operational Perspective, Mine Production Has Temporarily Plateaued

Mine performance for Q2 2021 was generally inline with performance seen for Q1 2021. Earlier in the year, the Company announced that, after collecting and then analyzing key operational metrics, it was determined that achieving sustainable throughput of 800 tpd at an average reserve grade would be achieved later than previously planned (see press release dated May 13, 2021).

The fundamental production plateau is consistent with what the Company has previously communicated, underpinned by the following:

- Ongoing challenges with a labour shortfall, particularly with underground labour, and its related adverse impact on performance.
- Criticality of accelerating definition infill drilling to better understand ore grade distribution.
- Necessity of accelerating capital mine development to increase the number of working areas and to improve mine and flexibility.
- Improving mobile equipment reliability and suitability, particularly the underground 2yd³ LHDs.

July Production Has Trended Positively Following Progressive Actions, Sustainable in the Near to Medium Term

Positive trends observed in July resulted in the Sugar Zone mine achieving the highest tonnes processed and gold production on record, when compared to previous monthly averages.

Mine production performance for July was underpinned by progressive actions taken by the Company over the past 3 quarters, including bolstering the mine workforce with temporary contracted labour, progressive and more expansive infill drilling, increasing sill development and associated production longhole drilling and mobilizing some additional mobile equipment to support development rates.

Average head grade also had a positive impact on ounces produced for July as the Company mined higher-grade areas of the north and south Sugar zones during a 3 to 4 month cycle during which there remained a greater proportion of higher-grade longhole ore stopes as compared with lower grade sill ore development. A greater contribution of the mine production for Q2 2021 was from sill development, which has provided the Company with greater flexibility in stoping material with more areas to draw from for July and through into Q4 2021.

July metrics were a general improvement over Q2 2021 on several fronts. Management reiterates that the Sugar Zone mine is currently in a temporary positive trend of the mining cycle which means more abundant stoping and higher-grade material is more readily available. However, with the passage of time and in the absence of a plan to accelerate further capital to unlock additional working areas, the Company expects mine production to revert slightly above more normalized levels observed during the previous two quarters.

Key Performance Metrics - Q3 2020 to July 2021

	Unit	Q3 2020	Q4 2020	Q1 2021	Q2 2021	July 2021
Daily Development	m/day	9.2	11.4	14.0	10.0	10.0
Ore Tonnes Processed	tpd	473	503	716	674	905
Head Grade	g/t	5.7	7.7	6.1	6.1	7.2
Recovery	%	93.4%	95.0%	93.7%	94.1%	94.7%
Avg. Monthly Gold Ounces Produced	avg. oz Au / 3,100 month	3,611	3,925	3,761	6,133	

Accelerating Capital Plan Expected to Continue to Unlock Mine Production Growth

The Company has a plan that would allow it to achieve a sustainable 800 tpd run-rate and would support continued future growth towards 1,200 tpd. The plan includes accelerating capital originally scheduled for 2022 and beyond as well as recommencing the Feasibility Study expansion capital.

The "Accelerate Capital Plan", subject to the outcome of the Strategic Review Process, is focused on four key areas:

Improvement Opportunities	Action Plan and Benefits
Accelerate Infill Drilling	<ul style="list-style-type: none"> ● Increase definition drilling metres ● Increases understanding of the orebody and potential ounces per vertical ● Provides more efficient budgeting and forecasting
Accelerate Mine Capital Development	<ul style="list-style-type: none"> ● Accelerate decline and lateral capital development up to 18 metres per da ● Provides access to more mining areas ● Represents a critical indicator for operational success
Bolster Mine Workforce	<ul style="list-style-type: none"> ● Prioritize hiring and retention strategies for existing employees ● Hire additional temporary contracted support in the near-term
Enhance Underground Equipment	<ul style="list-style-type: none"> ● Pursue options to acquire, lease or rent additional mobile gear ● Improves availability constraints and can be leveraged for future expansio

Strategic Review Process Currently Underway:

The Company initiated the Strategic Review Process on May 13, 2021 focused on ensuring the Company's liquidity and to fund the proposed Accelerated Capital Plan.

A Special Committee, comprised of the Company's independent directors, Joseph Conway and Douglas Cater, was formed to support the continuation of the Strategic Review Process.

The Company will provide an update when further disclosure is required or otherwise appropriate.

Outlook and Guidance:

In order to ensure sufficient liquidity to support the Strategic Review Process, the Company has deferred the implementation of various mitigation measures that were aimed at addressing the production variance from plan experienced to date in 2021. The Company has also reduced certain sustaining and expansion capital expenditures, which may adversely impact production over the next six months. At this time, the Company is unable to provide updated 2021 production guidance as the Strategic Review Process continues to evolve, but believes its revised 2021 guidance, issued on May 13, 2021, is at risk and may not be achieved.

The Company will provide further updates on guidance as appropriate.

Liquidity and Capital Resources:

- The Company ended Q2 2021 with a cash balance of \$11.9 million.
- The continuation of the Company's Strategic Review Process was facilitated by BNP's agreement to refrain from rights and remedies under the BNP Debt Facilities.
- On June 30, 2021, the Company obtained a 30-day waiver of its financial covenant requirements pursuant to the BNP Debt Facilities. In addition, BNP deferred the due date of (i) the principal and interest payments under the BNP Debt Facilities originally scheduled for June 30, 2021, and (ii) the settlement payment under the gold hedge program scheduled for July 2, 2021 to July 30, 2021.
- On July 30, 2021, the Company entered into a forbearance agreement with BNP (the "Forbearance Agreement") to which BNP agreed, subject to certain terms and conditions, to refrain from enforcing its rights and remedies under the BNP Debt Facilities (including scheduled principal, interest and gold hedge payments) until September 30, 2021. BNP also agreed, subject to the terms of the Forbearance Agreement, to forbear from exercising its rights and remedies under the BNP Debt Facilities in respect of or arising out of or relating to certain defaults or events of default under the BNP Debt Facilities, including financial covenant breaches, which are anticipated to occur prior to September 30, 2021, the earlier of (i) September 30, 2021, and (ii) the occurrence or existence of any terminating event, which includes bankruptcy events, defaults not covered by the Forbearance Agreement and other customary terms.
- On August 3, 2021, the Company received notice from Appian that events of default have occurred under the Appian Debt Facility and related financing agreements. Among other alleged events of default, Appian cite the Company's default under the BNP Debt Facilities which triggers a cross-default under the Appian financing agreements. Pursuant to the terms of the Intercreditor Agreement dated August 28, 2020 between Harte Gold, Appian and BNP, Appian is prohibited, without the written consent of BNP, from taking any Enforcement Action (as defined in the Intercreditor Agreement) until a minimum of 30 days has passed from the date on which Appian delivers a notice to BNP. The terms of the Appian Debt Facility provide for a default interest at a rate per annum equal to 19.0% from the date of default.
- To support the continuation of the Strategic Review Process, the Company is actively managing its liquidity and capital resources, including reducing certain sustaining and expansion capital expenditures, which may adversely impact production over the next six months. The Company does not expect that it will generate sufficient cash from operations in the next six months to fully fund planned investment activities and debt service obligations.
- There can be no assurance that the Strategic Review Process will result in any transaction, whether BNP will continue to forbear from exercising its rights and remedies on expiry of the Forbearance Agreement or what the terms or timing of any transaction or such continued forbearance might be, or that the Company will be able to continue as a going concern.

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. The Company has further potential through exploration at the Sugar Zone Property, which encompasses 81,287 hectares covering a significant greenstone belt. Harte 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 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. Specific forward-looking statements in this press release include, but are not limited to, the Company requiring additional funding by Q4 2021; forecasted additional rate improvements in Q3 2021 of approximately 15% to 40% across key metrics; the need for accelerating capital and some additional capital; Harte Gold continuing to evaluate all potential strategic avenues to unlock the underlying potential of this asset; longer-term sustainable throughput towards the end of the year and into 2022 necessitating the acceleration of certain capital and operating items; the Company having greater flexibility in stoping material with more areas to draw from into Q4 2021; the Company expecting mine production to revert slightly above more normalized levels observed during the previous two quarters; the Company providing an update when further disclosure is required or otherwise appropriate; the reduction of certain sustaining and expansion capital expenditures potentially adversely impacting production over the next six months; 2021 production guidance; the revised 2021 guidance, issued on May 13, 2021, being at risk and potentially not being achieved; the Company not expecting that it will generate sufficient cash from operations in the next 12 months to fully fund planned investment activities and debt service obligations; there being no assurance that the Strategic Review Process will result in any transaction, whether BNP will continue to forbear from exercising its rights and remedies on expiry of the Forbearance Agreement or what the terms or timing of such a transaction or such continued forbearance might be, or that the Company will be able to continue as a going concern; and the Company having 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 this press 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 events of default or breaches of key financing agreements including agreements with BNP Paribas and Applan, the Company being able 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 estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all 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 30, 2021, and in other 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 list of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this news release 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. The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.

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