

HARTE GOLD CORP.

Indicated Mineral Resource Increases by 55%

EVENT

Harte Gold announced an updated NI43-101 mineral resource estimate, incorporating 90,000m of exploration drilling completed last year.

BOTTOM LINE

Positive – Compared to the previous resource, released in March of 2018, contained ounces in the Indicated category increased by 55%, and overall contained ounces (Indicated + Inferred) increased by 13%. The updated resource will form the basis for a Feasibility Study, targeted for completion by the end of Q1/19. We maintain our Buy rating and C\$1.20/share target.

FOCUS POINTS

- **Indicated Resource Increase** – Incorporating 90,000m of drilling over the course of 2018, the updated Indicated resource now totals 1.1 MMoz Au grading 8.12 g/t along with the updated Inferred resource now standing at 0.6 MMoz Au grading 5.88 g/t.
- **Potential Zone Convergence** – The resource update encompasses the Sugar and Middle Zones and also includes the maiden resource estimate from the Wolf Zone. Additionally, mineralization has been expanded to include the convergence areas between the Sugar and Middle Zones. Management continues to see indications that all three zones are part of a larger system at depth.
- **2019 Drilling Focus** – Objectives will include the expansion of the Inferred resource along strike, and drill testing potential convergence areas of all zones at depth. Harte has also committed to undertaking a regional exploration program comprised of both geophysics and first-pass drill testing.

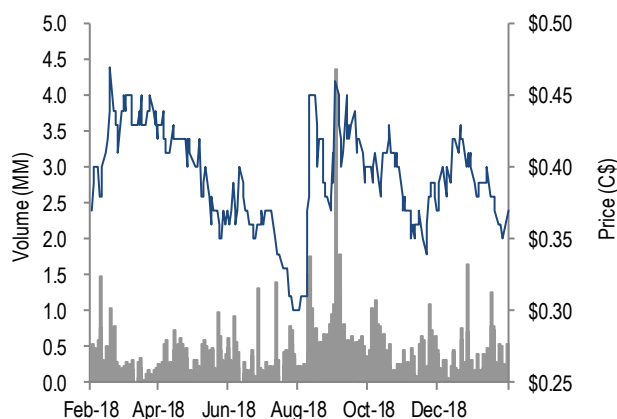
Recommendation:

BUY

Symbol/Exchange: HRT/TSX
Sector: Metals & Mining
All dollar values in US\$ unless otherwise noted.
Current price: C\$0.36
One-year target: C\$1.20
Return to Target: 233.3%
Cash on hand: C\$12.0 MM

Financial Summary

Shares O/S (MM)	599.7	52-week range	C\$0.29 - C\$0.45
Market cap (\$MM)	C\$215.9	Avg. weekly vol. (MM)	5.03
Market float (\$MM)	C\$151.1	Fiscal year-end	31-Dec
Sugar, Middle, Wolf	MMt	g/T Au	MMoz
M&I	4.24	8.12	1.11
Inferred	2.95	5.88	0.56
Total Resource	7.20	7.20	1.67



Company profile: Harte Gold is advancing its 100%-owned Sugar Zone property located 60km east of the operating Hemlo mine in Ontario. Harte also holds the Stoughton-Abitibi property 110km northeast of Timmins.

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See disclosure and a description of our recommendation structure at the end of this report.

LARGE JUMP IN INDICATED RESOURCE

The announced NI43-101 compliant resource update incorporates 90,000m of drilling completed in 2018. It encompasses the Sugar and Middle Zones and also includes a maiden resource estimate from the Wolf Zone. Additionally, mineralization has been expanded to include the convergence areas between the Sugar and Middle Zones. When compared to the previous 2018 resource estimate, the update is highlighted by a 55% increase in the Indicated resource, now totalling 1.11 M Moz Au grading 8.1g/t Au. Not only has the Indicated resource increased by 55%, but mineralization has been extended by an additional 400m down dip at the Sugar and Middle Zones. Including the significant upgrade of Inferred to Indicated, total contained ounces at the Sugar/Middle/Wolf zones (Indicated + Inferred) has increased by 13%, now standing at 1.67 M Moz grading 7.2g/t Au. As drill density increases, grades typically improve, and as such, in future resource calculations, we expect Inferred grades to move higher once upgraded into the Measured & Indicated categories. The updated Indicated resource will form the basis for a Feasibility Study (which will define Reserves for the first time), targeted for the end of Q1/19. We note that all three zones comprising Harte Gold's total 43-101 compliant gold inventory remain open in multiple directions, and at depth.

Exhibit 1. 2019 Mineral Resource Comparison at a 3.0g/t Au Cut-off

2018 Resource	Tonnes (MM)	Grade (g/t)	Contained (MMoz)
Measured & Indicated	2.61	8.5	0.71
Inferred	3.59	6.6	0.76
Total	6.20	7.4	1.48
2019 Resource	Tonnes (MM)	Grade (g/t)	Contained (MMoz)
Measured & Indicated	4.24	8.1	1.11
Inferred	2.95	5.9	0.56
Total	7.20	7.2	1.67
Measured & Indicated	62.8%	-4.7%	55.1%
Inferred	-17.7%	-10.8%	-26.7%
Total	16.1%	-2.7%	12.9%

Source: Harte Gold Corp.

SUGAR, MIDDLE AND WOLF ZONES CONVERGING

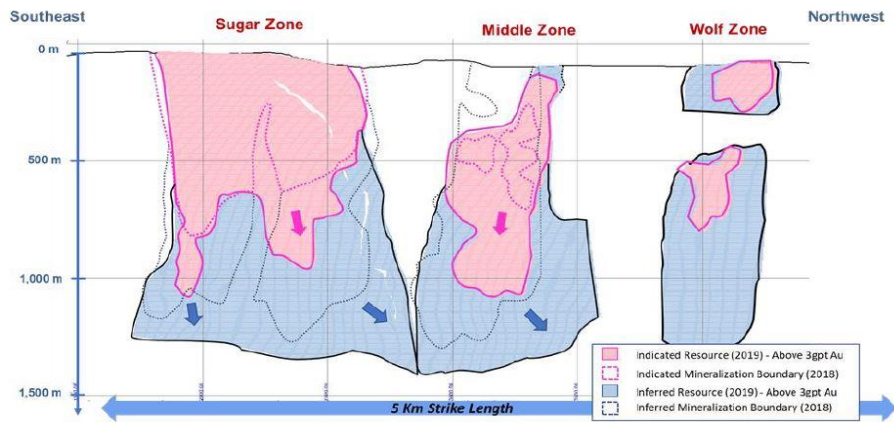
Inferred mineralization has been extended down dip indicating that the Sugar and Middle Zones are converging. Moreover, highlights from the 2019 drilling between the Middle and Wolf Zones include 12.14 g/t Au over 2.00m (WZ-18-197W2), 13.39 g/t Au over 3.57m (WZ-19-197W3) and 12.98 g/t Au over 3.90m (WZ-19-222W4). These results (Exhibit 2) reflect a continued expansion of the convergence area. The three zones have been drill tested over a combined strike length of ~5 km, and down to a depth of +1.3 km.

Exhibit 2. Middle-Wolf Zone Convergence Area Assay Results

Hole #	From	To	Au (g/t)	Width (m)
WZ-18-197W2	1099.00	1101.00	12.14	2.00
WZ-19-197W3	950.43	954.00	13.39	3.57
WZ-18-221W2	911.42	913.00	10.27	1.58
WZ-18-222W4	869.30	871.62	8.83	2.32
WZ-18-222W4	884.00	887.90	12.98	3.90

Source: Harte Gold Corp.

Exhibit 3. Longitudinal Projection – Mineral Resource Comparison

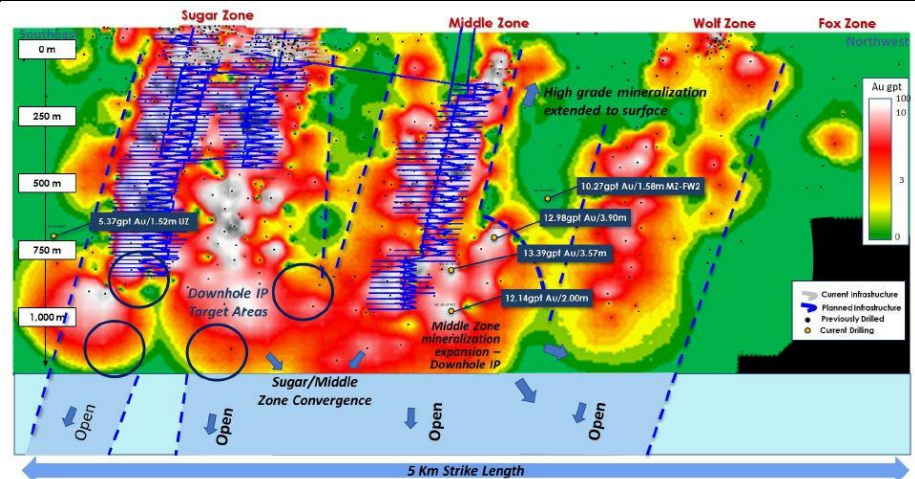


Source: Harte Gold Corp.

PLANNED 2019 EXPLORATION

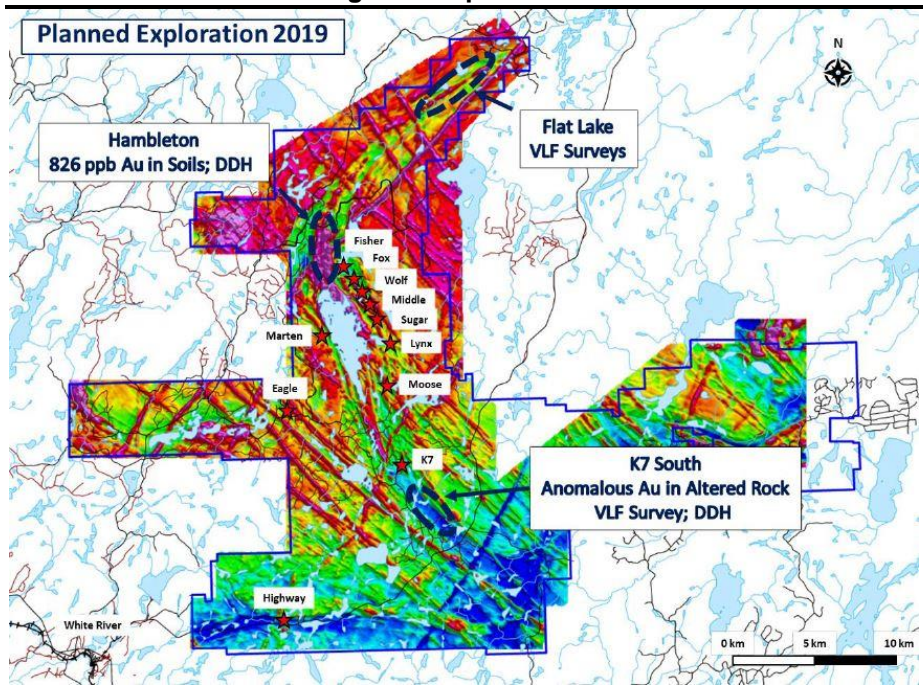
Objectives this year will include the expansion of the Inferred resource along strike, and convergence exploration of all zones at depth. The company plans to use additional downhole geophysics to further focus the diamond drilling. Recall in previous years, downhole IP (Induced Polarization) successfully led to the discovery of the Middle Zone and more recently, the extension of mineralization to a depth of 750m from surface. The company is targeting four holes as an initial IP program for 2019 (Exhibit 4). More prospective regional exploration will focus on the Hambleton Lake, K7 South and Flat Lake areas (Exhibit 5). The Hambleton Lake area is an on strike extension of known mineralization north of the Wolf Zone. A winter drill program will begin in March. At K7 South, a geophysical survey is expected for April/May, the same time drilling is expected to begin. At the Flat Lake area (located the northeast area of the Property) significant electromagnetic anomalies as well as up to 1% zinc in surface sampling have been detected. A geophysics survey will be completed in this area prior to drilling later this year as well.

Exhibit 4. Longitudinal Projection – Downhole IP Target Areas



Source: Harte Gold Corp.

Exhibit 5. Planned 2019 Regional Exploration



Source: Harte Gold Corp.

MAINTAINING BUY RATING AND TARGET

Harte Gold declared commercial production at its 100%-owned Sugar Zone mine on January 1 of this year. We expect the stock to re-rate higher via multiple expansion as it successfully transitions from “developer” to “producer.” The completion of a maiden Feasibility Study (next month) should also help de-risk the company in the eyes of intuitional investors. Based on a target multiple of 1.0x NAVPS_{5.0%} (rounded) our target price remains at C\$1.20/share. Harte Gold remains one of our preferred names in the gold sector, and we maintain our Buy rating on the stock.

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The analysts responsible for this research report *do not have*, either directly or indirectly, a long or short position in the shares or options of Harte Gold Corp.

The analyst responsible for this report *has* visited the material operations of Harte Gold Corp (Sugar Zone). No payment or reimbursement was received for the related travel costs.

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BUY: The stock is attractively priced relative to the company's fundamentals and we expect it to appreciate significantly from the current price over the next 6 to 12 months.

BUY (Speculative): The stock is attractively priced relative to the company's fundamentals, however investment in the security carries a higher degree of risk.

HOLD: The stock is fairly valued, lacks a near term catalyst, or its execution risk is such that we expect it to trade within a narrow range of the current price in the next 6 to 12 months. The longer term fundamental value of the company may be materially higher, but certain milestones/catalysts have yet to be fully realized.

SELL: The stock is overpriced relative to the company's fundamentals, and we expect it to decline from the current price over the next 6 to 12 months.

TENDER: We believe the offer price by the acquirer is fair and thus recommend investors tender their shares to the offer.

UNDER REVIEW: We are temporarily placing our recommendation under review until further information is disclosed.

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