

Harte Gold Announces Filing of Financials for First Quarter of 2020

✘ May 20, 2020 (Source) – **HARTE GOLD CORP.** (“Harte Gold” or the “Company”) (TSX: HRT / OTC: HRTFF / Frankfurt: H40) announces filing of interim financial statements and management’s discussion and analysis (“MD&A”) for the three-month period ended March 31, 2020 (“Q1 2020”). Operational highlights for the quarter were provided in the Company’s previous disclosure (see news release dated May 14, 2020).

The Company is also pleased to announce it has executed an agreement with BNP Paribas (“BNPP”) on deferral of debt principal payments for June 30 and September 30, 2020, based on the key terms as disclosed.

Sam Coetzer, President and Chief Executive Officer of Harte Gold commented:

“I am encouraged by the published first quarter results. The team continues to achieve key indicators for improving future mine performance. While cash costs have improved, our focus remains on accelerating capital development to reach the Middle Zone, advancing the Sugar Zone North and South areas and extending our sill development. We remain diligent in ensuring our workers are kept safe and will take extreme care in deciding how and when to reopen the mine. Our care and maintenance teams continue to keep the mine in good stead so when restart commences Harte will again continue to gain momentum.”

Quarterly Production Results

<i>Figures in C\$ 000</i>	Q1 2020	Q1 2019	Q1 2020 vs. Q1 2019	Q4 2019	Q1 2020 vs. Q4 2019
Ore processed (tonnes)	51,705	38,278	35%	53,162	(3%)
Average daily throughput (tpd)	575	425	35%	591	(3%)
Head grade (g/t)	5.50	4.86	13%	5.03	9%
Recovery (%)	94%	92%	3%	93%	1%
Gold ounces produced	8,597	5,476	57%	8,017	7%
Key Financial Data (000 \$)					
Net revenues ¹	15,667	8,103	93%	15,474	1%
Mine operating profit / (loss) ²	(324)	(5,750)	–	(2,426)	–
Mine EBITDA ³	3,891	(2,666)	–	1,910	104%
Net loss ⁴	(16,131)	(13,354)	–	(7,145)	–
Net cash increase / (decrease)	11,579	(6,579)	–	1,206	–
Cost Statistics (in dollars)					
Cash Cost (US\$/oz) ⁵	1,133	1,552	(27%)	1,225	(7%)
AISC (US\$/oz) ⁵	1,951	2,434	(20%)	2,036	(4%)

1. Gross revenues less treatment and refining costs
2. Net revenues less production costs
3. Mine EBITDA is a non-IFRS measure, refer to definition of non-IFRS measures in the Company's MD&A for a reconciliation
4. Mine operating costs less corporate expenses, share based payments, amortization and other expenses
5. Cash cost and AISC are non-IFRS measures, refer to definition of non-IFRS measures below for a reconciliation

Deferral of BNPP Debt

On May 15, 2020, the Company and BNPP entered into a third amending agreement, that provided for the following:

- The 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;
- Postponement of 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);
- Waiver of any breaches of the minimum mine and mill production covenant during 2020;
- Removal of the minimum mine and mill production covenant from the credit agreement;
- 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%;
- Prepayment of the non-revolving term loan of excess cash flow up to an aggregate total of US\$16.7 million.

Mine Restart, Liquidity and Capital Resources

As at March 31, 2020, the Company had cash on hand of \$13.7 million. The temporary shutdown due to COVID-19 has had a negative impact on working capital.

The Company has completed its detailed planning for a restart of the Sugar Zone Mine and will restart operations as soon as it is deemed safe to do so. The Company is also evaluating its cash position relative to the expected working capital requirements on start-up and is assessing various financial alternatives to bolster liquidity for mine restart.

Technical Information

Scientific and technical information contained in this news release was reviewed and approved by Dr. Martin Raffield, Executive Vice President and Chief Operating Officer of Harte Gold, who is a “qualified person” as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

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 79,335 hectares covering a significant greenstone belt. Harte Gold trades on the Toronto Stock Exchange under the symbol “HRT”, on the OTC under the symbol “HRTFF” and on the Frankfurt Exchange under the symbol “H40”.

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. 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 Appian; 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 and the impact of any escalation in the severity of the COVID-19 pandemic on any of the foregoing, as well as other risks and uncertainties which are more fully described in the Company's Annual Information Form dated March 25, 2020, 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.