

Harte Gold Corp. (TSX: HRT | FRA: H40 | OTC: HRTFF)

Harte Gold Corp. (“Harte Gold” or the “Company”) represents an opportunity to purchase or invest in a fully permitted, Canadian gold producing mine, situated in a prolific area of Canadian gold production with vast exploration potential.

Opportunity Overview

- Harte Gold operates the wholly-owned Sugar Zone Mine, located in a prolific gold-producing region of Ontario, Canada. The Sugar Zone Mine entered commercial production in 2019 and has seen a significant transformation; the mine is currently on target to reach 50,000 – 55,000 oz Au in annual production by the end of 2021.
- Management has identified four core improvement opportunities to achieve stabilized production of 60,000+ oz Au annually and positive free cash flow. In addition, a low-cost expansion program would see throughput increase to 1,200 tpd and production increase +85%, to ~100,000 oz Au annually.
- Harte Gold is seeking a partner with the financial means to facilitate its expansion plan and realize its untapped potential of significant free cash flow growth.

Sale and Investment Solicitation Process

- On December 7, 2021, Harte Gold commenced proceedings under the *Companies' Creditors Arrangement Act*. FTI Consulting Canada Inc. was appointed as Monitor (the “Monitor”).
- In conjunction with the proceedings, Harte Gold entered into a subscription agreement (the “Subscription Agreement”) with 1000025833 Ontario Inc. (the “Investor”), a wholly-owned indirect subsidiary of Silver Lake Resources Limited (“Silver Lake”) (ASX: SLR), pursuant to which the Investor, if it is the successful bidder at the conclusion of the Proposed SISP (defined below) and approved by the Ontario Superior Court of Justice (Commercial List) (the “Court”), would become the sole shareholder of Company in a transaction which provides for the continuation of its business and operations as a going concern. Copies of the Proposed SISP and Subscription Agreement are available at Tabs 7 and 2-W of Harte Gold’s Initial Application Record, respectively, a copy of which is available on the Monitor’s website: <http://cfcanada.fticonsulting.com/harte>.
- At a hearing scheduled for December 16, 2021, Harte Gold will be asking the Court to approve a sale and investment solicitation process (the “Proposed SISP”) to seek offers for the business, operations and assets of Harte Gold. In addition, Harte Gold will be seeking authorization for the Subscription Agreement to serve as a “stalking horse bid” in the Proposed SISP, to provide a baseline against which alternative offers would be judged. The proposed deadline for the submission of superior binding offers is January 14, 2021, but that date remains subject to Court approval and could change.
- The Proposed SISP is being undertaken with the assistance of the Monitor, through its affiliate, FTI Capital Advisors Canada.

Asset Overview

Harte Gold has significant potential across two (2) separate land packages:

The Sugar Zone Property is located in the Dayohessarah Greenstone Belt, approximately 36km in length and 10km in width and encompasses the Sugar Zone Mine. The property is comprised of an 81,287-hectare land package with numerous other targets located on strike and adjacent to the producing Sugar Zone Mine.

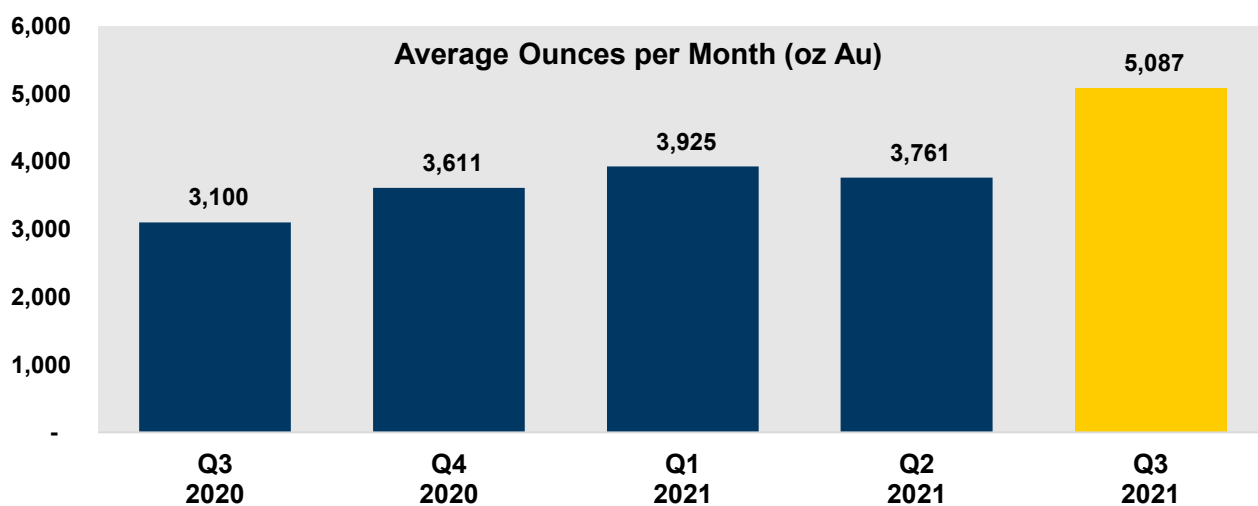
The Stoughton-Abitibi Property is located in northeastern Ontario and covers a 4km strike length of the Destor-Porcupine Fault. The property is comprised of 101 claim units made up of 17 unpatented, contiguous claims covering a total area of 1,646 hectares.



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Situation Overview

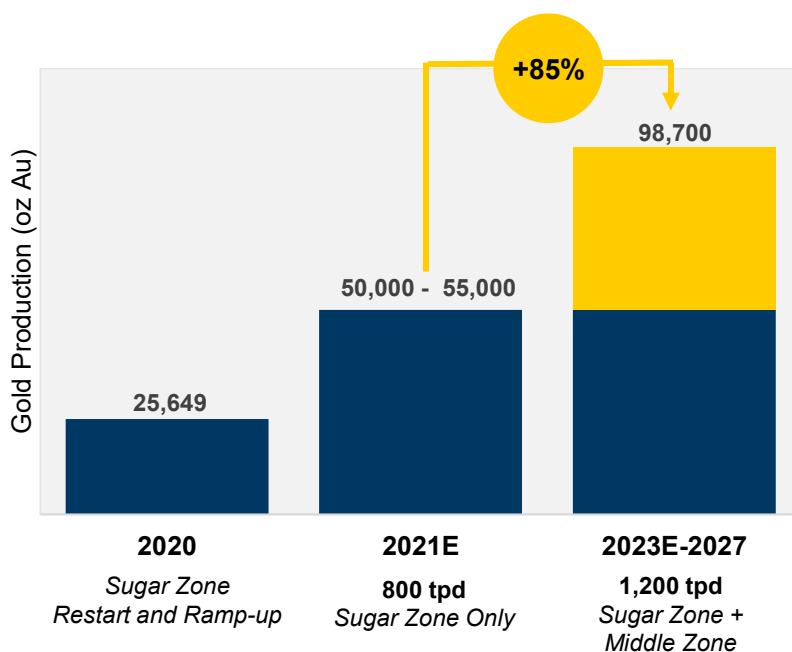
- The Company has achieved significant operational growth over the last three quarters:
 - Gold production has significantly increased, driven by increased throughput and grade. Total production was 15,260 oz in Q3 2021 compared to 11,283 oz in Q2 2021 and 6,218 oz in Q3 2020.
- Contributing factors for any variance has remained consistent: labor shortages, mobile equipment maintenance reliability, and production uncertainty due to lack of sufficient infill drilling coverage.
- The following mitigants to improve performance have been, or will be, implemented:
 - **Bolster mine workforce:** Prioritizing hiring and retention strategies, particularly in the underground workforce.
 - **Accelerate definition drilling:** Accelerate infill drilling to better react to grade distribution in areas where the mine is sparsely drilled (50-metre spacings) before entering production.
 - **Accelerate mine capital development:** Increase from 14 to 18-metre per day.
 - **Enhance underground equipment:** Upgrade and further expand the current fleet.



Gold Production Growth Potential

Low-cost Expansion To Achieve ~100,000 oz/year:

- **Mine life:** 9 years (2021 to 2029)
- **Low-Cost Expansion Capital:** \$21 million, of which a majority is to be spent in 2022
- **Production growth:** 98,700 oz / year average post expansion, which represents a +85% increase over 2021 estimate
- **AISC reduction:** US\$1,025/oz, post-expansion
- **Expansion timeline:** Expansion capable to start by 2022, with benefits of growing to 1,200 tpd by the end of 2023.



Investment Highlights



Experienced Management Team

Harte Gold is led by an experienced management team with proven exploration and operational track records, and in-depth knowledge of the gold mining industry.



Geographic Location

The Sugar Zone Mine is the most extensive land package in Ontario, situated in a prolific area of Canadian gold production that has collectively produced over 30 million oz over 30 years of historical production. Additionally, the mine's Canadian location presents minimal legal obstacles and regulatory risks.



Quality Asset Base

The Sugar Zone Mine has an initial estimated nine (9) year life (2021 to 2029) and although only in the initial stages of production, it is already currently within range of other successful key gold mines in the area, with a target oz per vertical metre of 850 (mineable reserve only). Similar gold mines in the area have also achieved life span expansion in excess of 30 years.



Unique Expansion Opportunity

In 2021, Harte Gold and seven (7) external consultants completed a feasibility study at the Sugar Zone Mine to determine the economic viability of a 1,200 tonnes per day ("tpd") operation. The feasibility study recommended advancing with an expansion to achieve a 58% increase in production over 2021 estimates, through 2023-27.



Financial Upside *All figures are presented in millions CAD unless otherwise stated*

The feasibility study concluded that the Sugar Zone Mine is expected to yield a pre-tax NPV¹ of \$417M and an after-tax IRR¹ of 89%. All-in sustaining costs ("AISC") are expected to decline to an average of \$1,025 USD per oz from 2023 to 2027.



Exploration Potential

Significant exploration potential exists across two (2) separate land packages, including low-cost opportunities to extend current mineral reserves and achieve high-value deposits across the Sugar Zone Mine. Additionally, there is potential to scale exploration and drill testing along three (3) adjacent zones and expand to sites beyond the Sugar Zone Mine.

Contact Information

Parties interested in the opportunity will be asked to execute a non-disclosure agreement that is satisfactory for the purposes of the Proposed SISP. All inquiries regarding a potential transaction and any request for additional information should be directed to one of the FTI Capital Advisors Canada contacts listed below:

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