



Management's Discussion & Analysis  
For the nine months ended May 31, 2021

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The following Management's Discussion and Analysis ("MD&A") of Baru Gold Corp., (the "Company" or "Baru") should be read in conjunction with the unaudited condensed consolidated interim financial statements for the nine months ended May 31, 2021 and the audited consolidated financial statements for the year ended August 31, 2020 and related notes attached thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. Except as otherwise disclosed, all dollar figures in this report are stated in Canadian dollars ("CAD"). The effective date of this report is July 29, 2021.

### Company Overview

Baru is an Indonesian-based Canadian mineral exploration company and trades on the TSX Venture Exchange under the symbol "BARU". Baru Gold Corporation is building a new gold production facility in Indonesia. We are a dynamic junior gold developer with NI43-101 gold resources in Indonesia, one of the top 10 gold producer countries in the world. In 2020, Baru Gold reached milestones including, the receipt of the environmental permit (known as the "AMDAL"), and paid the outstanding mining asset tax, colloquially referred to as "dead-rent tax", on its Sangihe Gold project and is awaiting the issuance of the Operation Production License to advance the project to construction and production in 2021.

Our team of mining and finance professionals are based both in North America and locally in Indonesia and boast extensive experience in starting and operating small-scale gold and coal assets. With over \$5.5 million in cash and strong retail and institutional shareholders support, Baru Gold is well positioned to take advantage of the increased interest in gold and precious metals with both exploration upsides and operation cashflow in 2021.

The significant events in the current period and to the date of this report:

- The Company changed its name to "Baru Gold Corp" from "East Asia Minerals Corporation".
- The Company paid the outstanding "dead-rent tax" on the Sangihe gold project of approximately \$356,000 (approximately Indonesia Rupia of 3.8 billion). The tax was paid to the representative office of the Ministry of Energy and Mineral Resources. This payment brings the Company's financial obligations to regulators for the project current. The Operation Production License is the only remaining government administrative item outstanding before the project can advance to construction and operations.
- The Company, received the AMDAL environmental permit for the Sangihe gold project.
- The Company applied for the upgrade of the Sangihe gold project's Contract of Work ("CoW") to a full production and export licence. Baru's subsidiary, PT. Tambang Mas Sangihe or "TMS" (the holder of the Sangihe CoW) has submitted the application to the Ministry of Energy and Mineral Resources of North Sulawesi, Indonesia. The Company's detailed works program and business plan ("DWP" and "BP" respectively) were approved by Ministry of Energy and Mineral Resources at an open meeting attended by TMS and representatives of both Provincial and Central mines departments. To complete the license upgrade on the Sangihe project, to Operation Production status, the company must receive final approval from the Minister of Energy and Mineral Resources. The license upgrade will enable Baru to begin construction of the gold production facilities and infrastructure for the Sangihe project. The Company expects the Operational Production License to be granted in 2021 and the goal is to move towards construction and purchase of equipment for the Sangihe gold project immediately after issuance. The Company has been actively taking steps to ensure the smooth and quick transition into construction once this licence is issued.
- The Company closed a private placement of \$4,400,000 through the issuance of 29,333,333 units priced at \$0.15 per unit. Each unit consists of one common share and one common share purchase warrant in the capital of the Company. Each warrant shall be exercisable into one share at an exercise price of \$0.25 for three years from the date of issuance.
- The Company's work plan and budget (rencana kerja and anggaran belanja (RKAB)) for PT Tambang Mas Sangihe (TMS) for 2021 has been formally approved by the Ministry of Energy and Mineral Resources. The RKAB includes planning and proposed expenditures for construction, mining, production, community programs, environmental rehabilitation, and

geological and geotechnical investigations for 2021. The RKAB is a formal annual requirement for all mining concessions in Indonesia, whether in the exploration or production phase, and the approval is a prerequisite to any activities being carried out in that particular year.

- The Company updated the stakeholders on the progress made by Martin Jati Lawyers on the land acquisition process previously announced August 22, 2020. The land acquisition survey has allowed the Baru team to identify the area of interest around the Sangihe gold project based on recommendations and analysis from Baru chief operation officer Garry Kielensyn and chief geologist Frank Rocca in Indonesia. The land acquisition team of Martin Jati will now commence with the land acquisition of the phase one mining area with the aim of finalizing the results from the survey in Q1 2021.
- The Company began trading on the OTCQB Venture Market under the ticker symbol BARUF.
- The Company's management engineering team has mobilized to the project site on Sangihe Island, Indonesia. Mr. Garry Kielensyn, COO Sangihe Gold Project and Mr Fatchil Amal, Mine Technical Manager join the balance of the core team already on the island. In the near-term, the team will focus on office and site setup, hiring of construction personnel and procurement of construction materials and equipment in preparation for the construction of the heap leach operation at the Sangihe gold project site.
- Appointed Mr. Joseph Keane to the Company's the Board of Directors.
- The Ministry of Energy and Mineral Resources (MoEMR) upgraded its Sangihe Gold Project Contract of Work ("CoW") to Operation Production status after a three month delay due to the Covid-19 pandemic in Indonesia.
- The Company approved a new shareholder rights plan pursuant to a shareholder rights agreement between the Company and Computer Trust Company of Canada as rights agent.
- Appointed Mr. John J. Ellis to the Company's the Board of Directors.
- Approved the 2021 annual budget which includes a 35,000-metre Resource Development drilling program targeted to start in mid-2021 and run for 13 months until completion.
- The Company reported on its corporate social responsibility (CSR) efforts to improve the community on Sangihe Island where the Company's gold project is located. The Company is in the early stages of implementing its CSR programs and has identified eight key community development directives.
- The Company provided an update on the land acquisition process and various meetings with stakeholders on the Sangihe gold project.
- The Company amended the exercise term of 1,172,500 outstanding common share purchase warrants issued on May 8, 2019 from May 8, 2021 to June 8, 2021 and 3,928,000 outstanding share purchase warrants issued on June 17, 2019 from June 17, 2021 to October 17, 2021.
- The Company issued 1,170,750 stock options to officers, directors, employees and consultants at an exercise price of \$0.07 for a period of 5 years.

## **Exploration and Evaluation Assets**

### ***Sangihe Project***

The Sangihe Gold-Silver project is located on the island of Sangihe off the northern coast of Sulawesi in Indonesia and has an existing National Instrument 43-101 inferred mineral resource of 114,700 indicated and 105,000 inferred ounces of gold as reported in the Company's "Independent Technical Report on the Mineral Resource Estimates of the Binebase and Bawone Deposits, Sangihe Project, North Sulawesi, Indonesia" dated May 30, 2017. The complete NI 43-101 Resource Estimate can be accessed on the SEDAR website at [www.sedar.com](http://www.sedar.com).

Only 10% of the gold bearing area has been explored. Readers are cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability. The Company's 70-percent interest in the Sangihe-mineral-tenement contract of work ("CoW") is held through PT. Tambang Mas Sangihe (TMS). The remaining 30-percent interest in TMS is held by three Indonesian corporations. The term of the Sangihe CoW agreement is for 30 years upon commencement of the production phase of the project.

The Company intends to proceed to production without the benefit of first establishing mineral reserves supported by a feasibility study. The Company cautions readers that the any production decision made by the Company will not be based on a NI 43-101 feasibility study of mineral reserves that demonstrates economic and technical viability and as such, there may be involved increased uncertainty and various technological and economic risks such as the interpretation of drill results; the geology, grade

and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with our expectations; commodity and currency price fluctuation; failure to obtain adequate financing; regulatory, recovery rates, refinery costs, and other relevant conversion factors, permitting and licensing risks; general market and mining exploration risks and production and economic risks related to design and engineering, manufacturing, technological processes and test procedures and the risk that the project's output will not be salable at a price that will cover the project's operating and maintenance costs.

### Miwah Project

Miwah is located at the northern tip of Sumatra Island in Aceh Province within the Sumatran fault system which is also home to billion dollar deposits such as Martabe 6 million ounces gold (G-Resources, EMR Capital) & Grasberg (Freeport).

The complete NI 43-101 Resource Estimate can be accessed on the SEDAR website at [www.sedar.com](http://www.sedar.com).

Project has exploration upside potential. The Company has invested \$60 million on exploration with over 20,000 meters drilled. The company ceased the drilling program in 2015 due to a forest moratorium implemented by the previous government and lack of capital.

In furtherance of its efforts on the Miwah project, in 2019, the Company has held various meetings with federal and regional government officials discussing the process required to bring the Miwah Project current and in compliance with both local and federal authorities. These efforts have been on hold for 2020 due to the pandemic conditions around the world.

### Writedown of Indonesian Projects

During the years ended August 31, 2014, 2015 and 2016, the Company wrote off its Indonesian exploration and evaluation assets (Miwah and Sangihe) based on identified indicators of impairment that result from a downturn in the mining industry, in particular, unfavourable changes in the property or project economics, inability to raise financing necessary to continue exploration or develop the projects, significant decreases in the current or expected future prices of mineral resources. Further significant factors related specifically to the Miwah project are the inability to access the site, regulatory and environmental restrictions on exploration and development, the inability to obtain a forestry reclassification for the near term and the suspension of further drilling activities for an indefinite period.

During the year ended August 31, 2017, the Company determined that the indicators of impairment for the Sangihe project no longer existed and restarted its Indonesian operations.

### **Summary of Quarterly Results**

	May 31, 2021	February 28, 2021	November 30, 2020	August 31, 2020
Total revenues	\$ -	\$ -	\$ -	\$ -
Income (loss) for the period	(276,076)	(2,482,601)	(540,372)	(1,338,674)
Basic and diluted earnings (loss) per share	(0.00)	(0.01)	(0.00)	(0.02)
Total assets	6,981,036	7,223,180	7,536,555	3,265,557
Total long-term liabilities	-	-	-	-

	May 31, 2020	February 29, 2020	November 30, 2019	August 31, 2019
Total revenues	\$ -	\$ -	\$ -	\$ -
Income (loss) for the period	39,815	(469,607)	(157,359)	(362,807)
Basic and diluted earnings (loss) per share	0.00	(0.00)	(0.00)	(0.00)
Total assets	2,399,149	2,411,527	2,247,341	2,121,568
Total long-term liabilities	-	-	-	-

The significant events giving rise to the fluctuations in the quarters are as follows:

- During the three months ended February 28, 2021, the Company recorded share based payments of \$2,126,876.
- During the three months ended August 31, 2020, the Company recorded a loss on extinguishment of debt of \$679,959.
- During the three months ended May 31, 2020, the Company recorded a loss on extinguishment of debt of \$135,849 and wrote-off of accounts payable of \$506,544.
- During the three months ended August 31, 2019, the Company recorded a foreign exchange loss of \$85,008 and a gain on extinguishment of debt of \$86,865.

### **Results of Operations**

The Company recorded a consolidated net loss of \$3,299,049 (\$0.02 per common share) for the nine months ended May 31, 2021 as compared to a consolidated net loss of \$587,151 (\$0.01 per common share) for the nine months ended May 31, 2020.

#### ***Nine months ended May 31, 2021***

Operating expenses were \$3,313,593 for the nine months ended May 31, 2021 as compared to \$944,890 for the nine months ended May 31, 2020.

Expense details are as follows:

- Foreign exchange loss of \$14,048 (2020 – gain of \$34,163) – the variance is due to fluctuations in the foreign exchange rates in the current period and previous period.
- Investor relations of \$266,816 (2020 - \$46,900) – during the current period the Company undertook a marketing program to raise the Company's profile.
- Share-based payments of \$2,126,876 (2020 - \$17,258) – during the current period the Company issued 13,825,000 stock options (2020 – 1,500,000) using the Black Scholes Pricing Model.

During the nine months ended May 31, 2021, the Company recorded a loss on extinguishment of debt of \$nil (2020 – \$148,805) and a gain on extinguishment of accounts payable of \$14,544 (2020 - \$506,544).

#### ***Three months ended May 31, 2021***

Operating expenses were \$257,749 for the three months ended May 31, 2021 as compared to \$330,880 for the three months ended May 31, 2020.

Expense details are as follows:

- Foreign exchange gain of \$41,532 (2020 – loss of \$34,646) – the variance is due to fluctuations in the foreign exchange rates in the current period and previous period.
- Investor relations of \$61,300 (2020 - \$16,900) – during the current period the Company undertook a marketing program to raise the Company's profile.

During the three months ended May 31, 2021, the Company recorded a loss on extinguishment of debt of \$nil (2020 – \$135,849) and a loss on extinguishment of accounts payable of \$327 (2020 – gain of \$506,544).

### Liquidity & Capital Resources

The Company's operations for the nine months ended May 31, 2021 used \$1,821,338 (2020 - \$266,461) of cash, \$2,005,158 (2020 - \$227,764) of cash was used in investing activities and \$6,196,117 (2020 - \$479,459) of cash was received from financing activities.

The Company's aggregate operating, investing and financing activities during the nine months ended May 31, 2021 resulted in a net increase of \$2,369,621 in its cash balance of \$566,380 at August 31, 2020, to \$2,936,001 at May 31, 2021. The Company's working capital was \$1,846,014 at May 31, 2021 (August 31, 2020 – deficiency of \$2,076,255).

During the nine months ended May 31, 2021, the company's investing activities of \$2,005,158 (2020 - \$227,764) were for exploration and evaluation assets.

During the nine months ended May 31, 2021, the cash provided by financing activities was \$6,196,117 (2020 - \$479,459) which was mainly made up of \$4,400,000 (2020 - \$300,333) from private placements, \$1,982,056 (2020 - \$nil) from the exercise of warrants and \$46,100 (2020 - \$nil) from the exercise of stock options.

### Financial instruments, Financial Risks and Capital Management

Please refer to the May 31, 2021 condensed consolidated interim financial statements on [www.sedar.com](http://www.sedar.com).

### Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

### Related Party Transactions

Compensation and payments to key management personnel was as follows:

	<b>Nine months ended May 31,</b>	
	<b>2021</b>	<b>2020</b>
Fees and short-term benefits - management	\$ 226,332	\$ 248,166
Fees and short-term benefits - directors	65,000	67,500
Fees and short-term benefits - professional	-	36,000
Consulting fees included in exploration and evaluation assets	51,840	-
Share-based payments	1,453,273	-
	<b>\$ 1,796,445</b>	<b>\$ 351,666</b>

During the year ended August 31, 2020, the Company settled \$762,832 of debt to non-arm's length parties by issuing 14,217,573 shares.

As of May 31, 2021, \$9,250 (August 31, 2020 - \$611,706) is due to directors and officers of the Company as accounts payable. The amounts were non-interest bearing, unsecured, with no stated terms of repayment.

As of May 31, 2021, \$nil (August 31, 2020 - \$161,967) is due to directors and officers of the Company as loans payable and \$nil (August 31, 2020 - \$9,014 in interest payable). During the period ended May 31, 2021, the Company repaid the loans and interest in full.

### Outstanding Share Data

The Company had the following outstanding as at the date of this report:

#### Common Shares

- 180,153,730

#### Stock Options

<b>Number of options outstanding</b>	<b>Exercise price (\$)</b>	<b>Expiry date</b>
903,000	0.05	March 26, 2022
2,371,072	0.05	July 30, 2023
1,000,000	0.10	July 16, 2025
3,000,000	0.15	September 9, 2025
3,125,000	0.155	January 6, 2026
7,200,000	0.11	January 29, 2026
500,000	0.12	February 4, 2026
1,170,750	0.07	July 15, 2026
<b>19,269,822</b>		

#### Share Purchase Warrants

<b>Number of warrants</b>	<b>Exercise price (\$)</b>	<b>Expiry date</b>
3,928,000	0.12	October 17, 2021
4,600,000	0.15	March 8, 2022
12,284,834	0.15	May 8, 2022
999,999	0.15	July 29, 2022
13,333,334	0.25	September 15, 2023
15,426,657	0.25	September 29, 2023
573,340	0.25	October 21, 2023
<b>51,146,164</b>		

### Proposed Transactions

The Company is not contemplating any other transactions which have not already been disclosed.

### Going Concern

The Company's exploration and evaluation assets are located in Indonesia and are subject to certain regulatory and forestry permitting issues. The Company also has not yet determined whether its exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary permits to explore, develop and achieve future profitable production activity from its exploration and evaluation assets or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis.

To date, from the currently held exploration and evaluation assets, the Company has not generated any significant revenues and has a significant aggregate operating deficit. The continuing operations of the Company are dependent upon its ability to raise adequate financing. Management is also aware that material uncertainties exist related to current economic conditions, which could cast doubt about the entity's ability to continue to finance its activities. As a result, the Company will need to seek additional equity financing as there are insufficient cash reserves to continue operations and planned exploration.

### **Future Accounting Policy Changes**

Please refer to the August 31, 2020 audited consolidated financial statements on [www.sedar.com](http://www.sedar.com).

### **Contingencies**

There are no contingent liabilities.

### **Critical Accounting Estimates**

The preparation of financial statements in accordance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may vary from these estimates.

### **Internal Controls over Financial Reporting**

#### Changes in Internal Control over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

### **Risk and Uncertainties**

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, fluctuating metal prices, social, political, financial and economics. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not listed in order of importance nor are they inclusive of all the risks and uncertainties the Company may be subject to as other risks may apply: the risks associated with our dependence on the Miwah and Sangihe projects; geological exploration and development; changes in law, unrest and political instability in Indonesia and Mongolia; IUP, CoW and environmental permits for development of the Company's projects cannot be obtained or renewed on terms satisfactory to the Company and other land title permitting and licensing risks; continued negative operating cash flow and the availability of additional funding as and when required; infrastructure; inflation; governmental regulation; environmental hazards and insurance; uninsured risks; competition; currency fluctuations; labour and employment; joint ventures; contract repudiation; dependence on key management personnel and executives; and litigation risks.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

## **Management's Responsibility for Financial Statements**

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

## **Forward-Looking Information**

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. This MD&A contains forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Examples of forward-looking statements in this MD&A include statements with respect to: the Company's exploration program at its projects in Indonesia and possible related discoveries of new mineralization or identification of mineral resources; the impact to the Company of future accounting standards and discussion of risks and uncertainties around the Company's business; and the adequacy of the Company's capital resources and its ability to raise additional financing and continue as a going concern.

In general, forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources; the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A.

Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ, perhaps materially, from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industries involve risks and uncertainties and the data is subject to change based on various factors.

**Additional Information**

Additional information about the Company is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.barugold.com](http://www.barugold.com).