



Management's Discussion & Analysis
For the year ended August 31, 2022

The following Management's Discussion and Analysis ("MD&A") of Baru Gold Corp., (the "Company" or "Baru") should be read in conjunction with the audited consolidated financial statements for the year ended August 31, 2022 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 December 28, 2022.

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; the Company is 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. During the year ended August 31, 2021, the Company's licence was upgraded to 'Operation Production License' to advance the project to construction and production.

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 assets. 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 2023.

The significant events during the year ended August 31, 2022 and to the date of this report are as follows:

- The Company completed a private placement of 16,760,000 units for proceeds of \$1,676,000. Each unit is comprised of one common share and one-half share purchase warrant. Each full warrant is exercisable for a term of two years for the purchase of an additional common share at a price of \$0.17 per common share.
- The Company granted 900,000 stock options to directors, employees and consultants of the Company at an exercise price of \$0.06 per share for a two-year period from the issue date.
- The Company closed a secured convertible loan for net proceeds of US\$1,500,000 (\$1.94 Million Canadian).
- The Company issued 15,000,000 share purchase warrants having a term of 2 years with an exercise price of \$0.065 per common share.

Exploration and Evaluation Assets

Sangihe Project

The Sangihe Gold 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.

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 has agreed to fund 100% of the exploration and development and operating expenditures of the exploration and evaluation assets up to and including the costs of any feasibility studies, after which all parties are to fund their proportionate share, or have their interest diluted.

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. Indonesia is also home to billion dollar deposits such as Martabe (UT-Pama Group), Tujuh Bukit (Merdeka Copper & Gold) and Grasberg (Inalum-Freeport).

The complete NI 43-101 Resource Estimate can be accessed on the SEDAR website at 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. The project is on hold while the Company currently is focussing its efforts on the Sangihe project.

Selected Annual Information

	Year ended, August 31, 2022	Year ended, August 31, 2021	Year ended, August 31, 2020
Total revenues	\$ -	\$ -	\$ -
Income (loss) for the year	(2,298,341)	(4,069,939)	(1,925,825)
Basic and diluted earnings (loss) per share	(0.01)	(0.02)	(0.02)
Total assets	8,203,732	6,546,891	3,265,557
Total long-term liabilities	945,723	-	-

Summary of Quarterly Results

	August 31, 2022	May 31, 2022	February 28, 2022	November 30, 2021
Total revenues	\$ -	\$ -	\$ -	\$ -
Income (loss) for the period	640,125	(554,472)	(534,964)	(568,780)
Basic and diluted earnings (loss) per share		(0.00)	(0.00)	(0.00)
Total assets	8,203,732	7,216,931	7,267,686	7,696,608
Total long-term liabilities	945,723	110,771	89,109	16,698

	August 31, 2021	May 31, 2021	February 28, 2021	November 30, 2020
Total revenues	\$ -	\$ -	\$ -	\$ -
Income (loss) for the period	(770,890)	(276,076)	(2,482,601)	(540,372)
Basic and diluted earnings (loss) per share	(0.00)	(0.00)	(0.01)	(0.00)
Total assets	6,546,891	6,981,036	7,223,180	7,536,555
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.

Results of Operations

The Company recorded a consolidated net loss of \$2,298,341 (\$0.01 per common share) for the year ended August 31, 2022 as compared to a consolidated net loss of \$4,069,939 (\$0.02 per common share) for the year ended August 31, 2021.

Year ended August 31, 2022

Operating expenses were \$2,298,341 for the year ended August 31, 2022 as compared to \$4,084,320 for the year ended August 31, 2021.

Expense details are as follows:

- Foreign exchange loss of \$194,120 (2021 – 57,455) increased due to fluctuations in the foreign exchange rates in the current year and previous year.
- Interest expense of 91,544 (2021 - \$3,756) increased primarily due to the interest on the convertible debenture for 2022.
- Investor relations of \$84,000 (2021 - \$280,516) decreased as the Company engaged in fewer marketing programs given current market conditions.
- Office and administration expenses of \$406,121 (2021 – \$240,080) increased as the company's operations were more active in Indonesia.
- Share-based payments of \$87,512 (2021 - \$2,302,721) decreased during the current year as the Company issued 2,600,000 stock options (2021 – 14,995,750) using the Black Scholes Pricing Model.
- Travel and accommodation expenses of \$125,647 (2021 - \$33,129) – the company operations in Indonesia were more active.

During the year ended August 31, 2022, the Company recorded a gain on extinguishment of accounts payable of \$65,210 (2021 - \$14,381).

Three months ended August 31, 2022

Operating expenses were \$761,528 for the three months ended August 31, 2022 as compared to \$770,727 for the three months ended August 31, 2021.

During the three months ended August 31, 2021, expense details are as follows:

- Amortization of \$35,861 (2021 - \$6,809) increased primarily due to the increase in value of the right to use assets.
- Foreign exchange loss of \$144,487 (2021 - \$43,407) increased due to the variance in fluctuations in the foreign exchange rates in the current year greater than the previous year.
- Interest expense of \$66,633 (2021 - \$385) increased due to the issue convertible debt in the current period.
- Management fees of \$75,244 (2021 292,956) were lower during the current period due to decrease in management personnel.
- Office and administration costs of \$104,576 (2021 - \$46,127) were higher due to increased operating activities in Indonesia in the current period compared to the same period in the previous year.
- Stock based compensation of \$39,505 (2021 - \$175,845) decreased due to fewer stock options issued in the current period compared to the same period in the previous year.
- Travel and accommodations costs of \$43,043 (2021 - \$9,049) increased as the company was more activities in Indonesia in the current period compared to the same period in the previous year.

Liquidity & Capital Resources

The Company's aggregate operating, investing and financing activities during the year ended August 31, 2022 resulted in a net decrease of \$1,421,492 in its cash balance of \$1,932,859 at August 31, 2021, to \$511,367 at August 31, 2022. The Company's working capital deficiency was \$857,055 at August 31, 2022 (2021 - working capital of \$1,081,194).

The Company's operations for the year ended August 31, 2022 used \$2,300,942 (2021 - \$3,224,291) of cash, \$2,559,513 (2021 - \$1,593,572) of cash was used in investing activities and \$3,438,963 (2021 - \$6,184,342) of cash was received from financing activities.

During the year ended August 31, 2021, the company's investing activities of \$2,559,513 (2021 - \$1,593,572) of which \$2,522,752 (2021 - 1,593,572) were for exploration and evaluation assets and \$36,761 (2021 - \$nil) for right of use assets.

During the year ended August 31, 2021, the cash provided by financing activities was \$3,438,963 (2021 - \$6,184,342) which was mainly made up of \$1,676,000 (2021 - \$4,400,000) from private placements, \$nil (2021 - \$1,982,056) from the exercise of warrants, \$45,150 (2021 - \$63,725) from the exercise of stock options, loan repayments of \$nil (2021 - \$172,953), lease payments of \$138,325 (2021 - \$30,654) and \$1,902,478 (2021 - \$nil) convertible debt.

Financial instruments

IFRS 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents are classified as Level 1 in the fair value hierarchy.

As of August 31, 2021, the carrying values of cash and cash equivalents, receivables, accounts payable, accrued liabilities, loan payable, and due to related parties, approximate their fair values due to their short term to maturity.

Financial Risks

The Company has exposure to the following risks from its use of financial instruments:

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents and receivables. The Company limits exposure to credit risk by maintaining its cash and cash equivalents with high-credit quality financial institutions. Substantially all of the Company's cash and cash equivalents are held with a major Canadian financial institution. A significant portion of receivables is due from the Government of Canada for sales tax refunds. Management believes that the credit risk concentration with respect to cash and cash equivalents and receivables is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

As of August 31, 2021, the Company had cash and cash equivalents of \$511,367 (2021 - \$1,932,859) to settle current liabilities of \$2,194,494 (2021 - \$1,426,188).

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is uncertain. There can be no assurance of continued access to significant equity funding.

Interest and foreign exchange risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At August 31, 2021, the Company was not exposed to significant interest rate risk.

Certain of the Company's operating expenditures are denominated in United States Dollars ("USD") and Indonesian Rupiah ("IDR"). The Company's exposure to exchange rate fluctuations arises mainly on foreign currencies against the Canadian dollar functional currency of the relevant business entities. The Company is principally engaged in the exploration and development of mineral properties in Indonesia.

Financial assets

The Canadian dollar equivalent of the amounts denominated in foreign currencies are as follows:

August 31, 2022	USD		IDR		Total
Cash and cash equivalents	\$	402,246	\$	63,715	\$ 465,961
Other receivables		-		15,374	15,374
	\$	402,246	\$	79,089	\$ 481,335

August 31, 2021	USD		IDR		Total
Cash and cash equivalents	\$	25,555	\$	105,427	\$ 130,982
Other receivables		-		15,374	15,374
	\$	25,555	\$	120,801	\$ 146,356

Financial liabilities

The exposure of the Company's financial liabilities to currency risk is as follows:

August 31, 2022	USD		IDR		Total
Accounts payable	\$	54,978	\$	564,157	\$ 619,135

August 31, 2021	USD		IDR		Total
Accounts payable	\$	112,237	\$	603,113	\$ 715,350

Sensitivity analysis

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, receivables and accounts payable and accrued liabilities that are denominated in USD. As of August 31, 2022, net financial assets totaling \$347,268 (2021 – net liabilities of \$86,682) were held in USD and net financial liabilities totaling \$485,068 (2021 – \$482,312) were held in IDR.

Based on the above net exposure as of August 31, 2022, and assuming all other variables remain constant, a 1% depreciation or appreciation of the USD against the Canadian dollar would result in an increase or decrease of approximately \$3,473 (2021 - \$867) in the Company's loss and comprehensive loss. A 1% depreciation or appreciation of the IDR against the Canadian dollar would result in an increase or decrease of approximately \$4,851 (2021 - \$4,823) in the Company's loss and comprehensive loss.

Capital Management

The Company considers the items in shareholders' equity as capital. The Company manages and adjusts its capital structure based on available funds to support the acquisition and exploration of its exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; and as such the Company is dependent on external financing to fund its activities. To carry out planned exploration and development, and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geological or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended August 31, 2022. The Company is not subject to externally imposed capital requirements.

Related Party Transactions

Compensation and payments to key management personnel was as follows:

	Year ended August 31,	
	2022	2021
Fees and short-term benefits - management	\$ 526,590	\$ 519,288
Fees and short-term benefits - directors	121,250	87,479
Consulting fees included in exploration and evaluation assets	82,330	-
Fees and short-term benefits - professional	76,608	-
Share-based payments	22,287	1,548,582
	<u>\$ 829,065</u>	<u>\$ 2,155,349</u>

As of August 31, 2022, \$39,751 (2021 - \$13,087) 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.

Outstanding Share Data

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

Common Shares

At the date of this report, there are 197,816,730 shares issued and outstanding.

Stock Options

At the date of this report, the stock options outstanding are as follows:

Number of options outstanding	Exercise price (\$)	Expiry date
2,221,072	0.05	July 30, 2023
750,000	0.06	May 04, 2024
1,625,000	0.05	August 31, 2024
1,000,000	0.10	July 16, 2025
1,700,000	0.15	September 9, 2025
1,975,000	0.155	January 6, 2026
7,200,000	0.11	January 29, 2026
500,000	0.12	February 4, 2026
946,750	0.07	July 15, 2026
17,917,822		

Share Purchase Warrants

At the date of this report, the warrants outstanding are as follows:

Number of warrants	Exercise price (\$)	Expiry date
13,333,334	0.25	September 15, 2023
15,426,657	0.25	September 29, 2023
573,340	0.25	October 21, 2023
5,270,400	0.17	November 4, 2023
3,566,000	0.17	November 30, 2023
15,000,000	0.065	July 19, 2024
53,169,731		

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

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

Future Accounting Policy Changes

Please refer to the August 31, 2022 audited consolidated financial statements on 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 currently.

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 determine 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.

Going Concern

The Company's exploration and evaluation assets are 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.

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 and on the Company's website at www.barugold.com.