



Management's Discussion & Analysis  
For the nine months ended May 31, 2022

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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, 2022 and related notes attached thereto, and the audited consolidated financial statements for the year ended August 31, 2021. All financial information in this MD&A has been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted. 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 31, 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 in 2022.

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 sufficient 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 2022.

The significant events in the current period 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.
- Gerhardus Kielenstyn has resigned as a director and as chief operating officer of the Company's subsidiary PT Tambang Mas Sangihe ("TMS"). Jiri Kumajas, director of general administration of the TMS project, replaced Mr. Keilenstyn as Chief Interim Operating Officer.
- 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](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 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.

During the year ended August 31, 2021, the Ministry of Energy and Mineral Resources (MEMR) upgraded its Sangihe Gold Project Contract of Work ("CoW") to Operation Production status. The Company also announced a 25,000-metre drilling program that will commence with the arrival of the drilling rig on the island.

The initial area targeted for this drilling program is covered in the Sangihe 2010 NI 43-101 report which identified 835,000 ounces of gold as an inferred resource between Binebase and Bawone villages over approximately 1.2 kilometres of strike length. An infill drilling program will be conducted in this area to upgrade some of the inferred resources into indicated and measured resource status. The Company has prepared 27 drill pad sites which will be the focus of activity over the first half of 2022.

Thereafter, exploration drilling will continue over an additional 1.45 kilometres from Bawone to South of Salurang village following the continuation of the known geochemical anomaly and with additional guidance from the ongoing structural study. Once that program has been completed, the identified resources will then be infill drilled to bring some of these resources into indicated and measured status. The drilling rig will then be further deployed for targeted work in the region.

Clearing of land and construction of the first heap leach pad has commenced. Generation of cash flow is the Company's primary goal. Land Acquisition is on-going and has minimal effect on construction.

*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](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 since 2020 due to the pandemic conditions around the world.

### Summary of Quarterly Results

	May 31, 2022	February 28, 2022	November 30, 2021	August 31, 2021
Total revenues	\$ -	\$ -	\$ -	\$ -
Loss for the period	(554,472)	(534,964)	(534,964)	(568,780)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	7,216,931	7,267,686	7,267,686	7,696,608
Total long-term liabilities	110,771	89,109	16,698	-
<b>Management</b>				
	May 31, 2021	February 28, 2021	November 30, 2020	August 31, 2020
Total revenues	\$ -	\$ -	\$ -	\$ -
Loss for the period	(276,076)	(2,482,601)	(540,372)	(1,338,674)
Basic and diluted 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	11,009	11,009	11,009	11,009

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.

### Results of Operations

The Company recorded a consolidated net loss of \$1,658,216 (\$0.01 per common share) for the nine months ended May 31, 2022 as compared to a consolidated net loss of \$3,299,049 (\$0.02 per common share) for the nine months ended May 31, 2021.

#### *Nine months ended May 31, 2022*

Operating expenses were \$1,602,023 for the nine months ended May 31, 2022 as compared to \$3,313,593 for the nine months ended May 31, 2021.

The significant expense details are as follows:

- Foreign exchange loss of \$49,633 (2021 – loss of \$14,048) – the variance is due to fluctuations in the foreign exchange rates in the current period and previous period.
- Investor relations of \$63,000 (2021 - \$266,816) – in the previous period the Company initiated a marketing program to raise the Company's profile.
- Management fees of \$451,346 (2021 - \$226,332) – management fees were higher during the current period due to increased activities on the Sangihe project.
- Professional fees of \$203,321 (2021 - \$114,687) – professional fees were higher due to increased activities in Indonesia during the current period.
- Amortization of \$88,680 (2021 – \$20,429) and interest expense of \$24,911 (2021 - \$3,371) – the increases are due to leasing the new assets during the current period.

### ***Three months ended May 31, 2022***

Operating expenses were \$498,279 for the three months ended May 31, 2022 as compared to \$275,749 for the three months ended May 31, 2021.

The significant expense details are as follows:

- Foreign exchange gain of \$28,504 (2021 – gain of \$41,532) – the variance is due to fluctuations in the foreign exchange rates in the current period and previous period.
- Management fees of \$153,371 (2021 - \$70,500) – management fees were higher during the current period due to increased activities on the Sangihe project.
- Professional fees of \$51,928 (2021 - \$24,780) – professional fees were higher due to increased activities in Indonesia during the current period.
- Amortization of \$36,327 (2021 – \$6,809) and interest expense of \$839 (2021 - \$551) – the increases are due to leasing the new assets during the current period.

### **Liquidity & Capital Resources**

The Company's aggregate operating, investing and financing activities during the nine months ended May 31, 2022 resulted in a net decrease of \$1,841,171 in its cash balance of \$1,932,859 at August 31, 2021, to \$91,688 at May 31, 2022. The Company's working capital deficiency was \$1,144,807 at May 31, 2022 (August 31, 2021 – working capital of \$1,081,194).

The Company's operations for the nine months ended May 31, 2022 used \$1,148,224 (2021 - \$1,821,338) of cash, \$2,198,368 (2021 - \$2,005,158) of cash was used in investing activities and \$1,505,421 (2021 - \$6,196,117) of cash was received from financing activities.

During the nine months ended May 31, 2022, the Company's investing activities of \$2,198,368 (2021 - \$2,005,158) were for exploration and evaluation assets.

During the nine months ended May 31, 2022, the Company's financing activities of \$1,505,421 (2021 – \$6,196,117) was \$1,676,000 (2021 – \$4,400,000) from private placements, \$nil (2021 - \$1,982,056) for warrants and finders warrants exercised, \$45,015 (2021 - \$46,100) for options exercised, less \$46,340 (2021 - \$47,082) in share issuance costs, \$nil (2021 - \$161,967) for loan repayments and \$169,254 (2021 - \$22,990) in lease payments.

#### *Exploration and Evaluation Assets*

Expenditures on the Sangihe project for the nine months ended May 31, 2022 was \$2,235,698 (year ended August 31, 2021 - \$1,479,512). Total expenditures at May 31, 2022 were \$6,266,127 (August 31, 2021 - \$4,030,429).

### **Financial instruments, Financial Risks and Capital Management**

Please refer to the May 31, 2022 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>2022</b>	<b>2021</b>
Fees and short-term benefits - management	\$ 451,346	\$ 226,332
Fees and short-term benefits - directors	91,250	65,000
Fees and short-term benefits – Travel	30,000	-
Consulting fees included in exploration and evaluation assets	69,159	51,840
Share-based payments	8,001	1,453,273
	<b>\$ 649,756</b>	<b>\$ 1,796,445</b>

As of May 31, 2022, \$69,717 (August 31, 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.

As of May 31, 2022, \$121,425 (August 31, 2021 - \$nil) is due to directors and officers of the Company as loans 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:

<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Exercise price (\$)</b>	<b>Expiry date</b>
2,371,072	2,371,072	0.05	July 30, 2023
1,000,000	1,000,000	0.10	July 16, 2025
2,100,000	2,100,000	0.15	September 9, 2025
2,475,000	2,475,000	0.155	January 6, 2026
7,200,000	7,200,000	0.11	January 29, 2026
500,000	500,000	0.12	February 4, 2026
1,120,750	1,008,500	0.07	July 15, 2026
900,000	900,000	0.06	April 5, 2024
<b>17,666,822</b>	<b>17,554,572</b>		

### Share Purchase Warrants

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

<b>Number of warrants</b>	<b>Exercise price (\$)</b>	<b>Expiry date</b>
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
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53,169,731		

### **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 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.

### **Adoption of new and amended accounting standards**

There were no new and amended accounting standards adopted during the period.

### **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.

## **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.

## **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.

## **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.

## **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).