

Baru Gold Corp. Signs Production Operation Contract

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Vancouver, August 8, 2023 - [Baru Gold Corp.](#) (TSX.V:BARU) (OTC:BARUF) ("Baru" and its subsidiary PT. Tambang Mas Sangihe ("TMS") or the "Company") is happy to announce to shareholders that mining contractor CV. Mahamu Hebat Sejahtera (the "Contractor") has signed a legally binding contract to operate and produce gold on Sangihe Island.

There were no substantial changes between this contract signed August 4, 2023 and the intent of the Memorandum of Understanding, announced on August 3, 2023. However, in the interest of shareholders, the Company has decided to allocate the 65 ha in multiple phases. In the Company's estimation, exclusive operations within the entire mining concession was too significant a risk.

The Company will award subsequent land allocations in a competitive process that will include other interested parties. This allocation method gives the Company greater control, assurance of the Contractor's legal and environmental compliance, and also the option for the Company to develop their own operation.

This first phase with the Contractor involves only 15 ha of the 65 ha area. The Contractor will use their own capital to operate and expand an existing mining operation. For the exclusive contracting right within the prescribed area, the Contractor will pay the Company approximately CAD \$670,000. The payment is based on both the land area and estimated gold content. The payment will be as follows:

i. IDR 1,000,000,000 (CDN\$88,000)(1) as the first payment to be paid at the time of signing of the agreement as a non-refundable deposit

ii. IDR 3,250,000,000 (CDN\$286,000)(1) as the second payment to be paid when the Contractor starts carrying activities on the land area.

IDR 3,250,000,000 (CDN\$286,000)(1) as the third payment to be paid 30 days after the second payment.

(1) At the conversion rate of the Bank of Canada on August 4, 2023 of IDR 0.000088 to CDN\$1.00

The Contractor will immediately begin operations by restarting a recently producing gold mine within the contracted 15 ha. With all the equipment already on site, land cleared, and construction complete, operations will start immediately. The Contractor anticipates the operation will begin generating cash flow within two months.

The Contractor is responsible for all operational, production and site remediation expenses. As the result of their responsibility for operational expenses, they will receive 65% of the total gross receipts from the sale of gold recovered. Under the terms of the agreement, the Company will receive 35% of the total gross receipts from the sale of gold recovered.

The Company will supervise all activities and co-process the gold. The Company will be responsible for refining the gold and distributing the resulting funds. The Contractor must abide by the same environmental and reclamation standards required of the Company by Indonesian law, including mercury prohibition.

The Company negotiated the phased allocation of land with the Contractor. The \$670,000 will be used for the Company's near-term obligations. In addition, the area reduction has no impact on near-term cash flow as the Contractor can operate at maximum production capacity on 15 ha for the next 12 months. This contract for 15 ha does not prevent the Company from opening or contracting out additional worksites.

The Company retains complete control of the Sangihe Project. The Company's Contract of Work includes an area of 42,000 ha, of which 23,000 ha is gold bearing.

In the event of a regulatory cessation of work occurring prior to the due date for the second payment, the agreement shall be automatically terminated. In such an instance, both the second and third payments specified within the agreement will be deemed non-payable.

Mr. Terry Filbert, CEO of Baru Gold, commented, "This arrangement is a win for the environment, the Company, and for Indonesia. By licensing a previously unpermitted mine, the Company is raising the legal protections for workers and forcing environmental protections and rehabilitation on Sangihe, including the clean-up of and prohibition of mercury. Mining on Sangihe has a long history and this is the first time any mine on the island has followed environmental standards and protections, including ecological restoration. The Company has the opportunity to achieve cash flow almost immediately, with no dilution to shareholders. The local community will very quickly feel the distribution of wealth. I look forward to being in production and building long-lasting and productive relationships with the residents of Sangihe and our new contractor."

The Company is fully permitted and legally entitled to operate, hire contractors and produce gold on Sangihe Island. We are committed to doing so in a safe manner, following environmental regulations outlined in our Environmental Permit.

ABOUT SANGIHE GOLD PROJECT

The Sangihe Gold Project ("Sangihe") is located on the Indonesian island of Sangihe, off the northern coast of Sulawesi. Sangihe 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" (May 30, 2017). Readers are cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability.

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

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 30 years upon commencement of the production phase of the project.

Baru has met all the requirements of the Indonesian government and has been granted its environmental permit.

ABOUT BARU GOLD CORP.

[Baru Gold Corp.](#) is a dynamic junior gold developer with NI 43-101 gold resources in Indonesia, one of the top ten gold producing countries in the world. Based in Indonesia and North America, Baru's team boasts extensive experience in starting and operating small-scale gold assets.

[Baru Gold Corp.](#)

Per:"Terry Filbert"

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