



MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in Canadian dollars)

JAPAN GOLD CORP.
Management's Discussion and Analysis
For the years ended December 31, 2021 and 2020

This Management's Discussion and Analysis ("MD&A"), prepared as of April 13, 2022, should be read in conjunction with the audited consolidated financial statements of Japan Gold Corp. ("Japan Gold" or the "Company") for the year ended December 31, 2021 and the notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

Statements in this MD&A that are not historical facts are "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. Readers are cautioned not to put undue reliance on forward-looking statements.

HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2021 AND THE SUBSEQUENT PERIOD

- On July 8, 2021, the Company closed a \$17 million non-brokered private placement of 48,571,429 shares of the Company at a price of \$0.35 per share.
- During the year ended December 31, 2021, the Company received additional funding of \$4,435,403 (US\$3,498,504) from Barrick Gold Corporation ("Barrick") for work to jointly explore, develop and mine certain gold mineral properties in Japan (the "Barrick Alliance"). The Company has granted Barrick an extension of the two-year initial evaluation phase by 6 months to August 31, 2022 due to travel restrictions caused by the global COVID pandemic.
- Subsequent to the year ended December 31, 2021, the Company received additional funding of \$2,228,456 (US\$1,751,793) from Barrick to fund work programs during the extension. Including the amount received subsequent to December 31, 2021, Barrick has funded a total of \$9,268,033 (US\$7,304,386).
- On October 25, 2021, the Company announced the appointment of three independent directors (Ian Burney, Michael Carrick and Tanneke Heersche) to the Japan Gold Board of Directors.
- During and subsequent to year ended December 31, 2021, the Company completed eleven drill holes (3,203m) at its Ryuo Mine prospect within the Ikutahara Project in the Kitami Region of northeast Hokkaido, Japan. Results of the drill holes were announced in the September 14, 2021 and February 22, 2022 press releases.
- On August 4, 2021, the Company announced acceptance by the Japanese Ministry of Economy, Trade and Industry ("METI") of 51 new prospecting rights applications covering approximately 145 sq km around its Barrick Alliance Togi Project, on the Noto Peninsula of Honshu Island.
- On November 4, 2021, METI converted the 22 applications covering the Mizobe project to prospecting rights.

COMPANY OVERVIEW

Japan Gold (TSX-V: JG) (OTCQB: JGLDF) is a Canadian mineral exploration company focused solely on gold exploration across the three largest islands of Japan: Hokkaido, Honshu and Kyushu. The Company has a country-wide alliance with Barrick to jointly explore, develop and mine certain gold mineral properties and mining projects. The Company holds a portfolio of 31 gold projects which cover areas with known gold occurrences, a history of mining and are prospective for high-grade epithermal gold mineralization. Japan Gold's leadership team has decades of resource industry and business experience, and the Company has recruited geologists and technical advisors with experience exploring and operating in Japan.

On July 8, 2021, the Company issued a total of 48,571,429 shares in a non-brokered private placement at a price of \$0.35 per share for gross proceeds of \$17,000,000. The Company paid a total of \$1,023,792 in cash finders' fee and other professional costs and issued a total of 2,887,679 compensation warrants in connection with the private placement. The compensation warrants are exercisable at \$0.35 per share for a period of 12 months from the date of closing (expiry date of July 8, 2022). The fair value of these warrants was determined to be \$249,501 using the Black-Scholes pricing model.

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On February 24, 2020, the Company announced a country-wide alliance with Barrick and acquired six new projects in the Southern Kyushu Epithermal Gold Province. The Barrick Alliance covers the entire country of Japan including 29 out of 31 projects currently held by Japan Gold. The Barrick Alliance does not include the Ikutahara Project in Hokkaido or the Ohra-Takamine Project in Kyushu and Japan Gold will continue to advance these two projects independently. Barrick will sole fund a 2-year Initial Evaluation Phase of each project. Barrick will sole fund a subsequent 3-year Second Evaluation Phase on projects which meet the Barrick criteria. Japan Gold will act as the Manager of each project, subject to Barrick's right at any time to become the Manager of a project. Barrick may identify a project as a Designated Project at any time during the Initial Evaluation Phase or the Second Evaluation Phase and elect to sole fund to completion of a pre-feasibility study ("PFS"). Upon completion of a PFS, Barrick will earn a 51% interest in the Designated Project. Barrick may elect to continue to sole fund a Designated Project following the completion of a PFS to a bankable feasibility study ("BFS"). Barrick's interest in the Designated Project at the completion of the BFS will increase to 75%. Where Barrick has elected to sole fund a Designated Project through to completion of a BFS, Japan Gold will be fully carried through completion of the BFS and retain a 25% interest in the Designated Project. On February 23, 2021, a USD\$4 million budget solely funded by Barrick was approved for the second year of the Initial Evaluation Phase regional program.

During the year ended December 31, 2021, Barrick paid \$4,435,403 (US\$3,498,504) (December 31, 2020 - \$2,775,560 (US\$2,054,089)) to the Company as partial funding for the Initial Evaluation Phase. On receipt of funds from Barrick, the Company records amounts received as restricted cash with an offsetting payable to Barrick. The payable to Barrick is decreased as qualifying expenditures are incurred. As at December 31, 2021, \$641,538 (US\$506,024) (December 31, 2020, \$1,004,412 or US\$788,888) is recorded as restricted cash representing amounts funded by Barrick in excess of amounts paid for exploration and evaluation expenditures.

On February 28, 2022, the Company granted Barrick an extension of the two-year Initial Evaluation Phase by 6 months to August 31, 2022 due to travel restrictions caused by the global COVID pandemic. Barrick will continue to sole fund all exploration activities within the Barrick Alliance and not release any of the existing projects until August 31, 2022.

In 2018, the Company completed a private placement including certain strategic investors, such as Newmont Corporation ("Newmont"), RCF Opportunities Fund L.P ("RCF") and Southern Arc Minerals Inc ("Southern Arc"). Under the Newmont Investor Rights Agreement, Newmont has the right to maintain its pro rata ownership percentage of the Company during future financings to maintain or increase its equity ownership interest in the Company to a maximum of 19.9% of the issued and outstanding shares of the Company on a partially diluted basis. The Company, along with Newmont (who currently owns 10% of our shares), formed a Technical Committee to oversee and spend the proceeds on exploration activities only in Ikutahara and Ohra-Takamine to be identified by the Technical Committee.

The Company is evaluating and exploring its extensive property portfolio in Japan and will continue drilling at high priority prospects throughout 2022.

Japan is considered one of the most stable and corruption-free jurisdictions in the world. The mining regulatory framework is well established and transparent with appropriate access to government officials and a comprehensive support program to facilitate stakeholder consultation. The Company deliberately selected project areas in sparsely populated areas with a history of mining and has received strong local support.

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FINANCIAL SNAPSHOT

	December 31, 2021	December 31, 2020	December 31, 2019
Total assets	\$ 32,371,554	\$ 20,656,488	\$ 14,063,143
Working capital ⁽¹⁾	11,689,692	2,623,106	1,060,690
Net loss	(3,326,795)	(3,713,672)	(4,392,793)
Comprehensive loss	(5,044,971)	(3,379,111)	(4,719,728)

⁽¹⁾ Working capital is defined as current assets less current liabilities

At the date of this MD&A, the Company has working capital of approximately \$11.3 million. The working capital includes approximately \$1.9 million of restricted cash representing amounts funded by Barrick in excess of amounts paid for exploration and evaluation expenditures.

PROPERTY REVIEW AND OUTLOOK

When the Japan Mining Act was amended in 2012 for the first time allowing foreign mineral companies the ability to hold exploration and mining permits, Japan Gold began reviewing Japan's extensive geoscientific database and historical gold production data to pinpoint areas with good exploration potential. By September 2016 at the commencement of field activities, the Company had applied for 38 prospecting rights in northern Hokkaido targeting high-grade epithermal gold deposits and another 42 prospecting rights throughout Hokkaido and northern Honshu targeting areas of gold-bearing advanced argillic alteration lithocaps, which could indicate the presence of a porphyry mineralized environment. These initial prospecting rights applications totaled 27,153 hectares over the eight separate projects.

Having prospecting rights applications accepted by Ministry of Economy, Trade and Industry, reserves the land for Japan Gold and allows for active surface exploration programs such as mapping, surface sampling and geophysics. Granting of Prospecting Rights by the METI allows for more advanced forms of exploration, such as drilling. As of the date of this MD&A report the Company holds priority over 31 projects, for a total of 239,929 hectares, a total of 786 prospecting rights license applications accepted by METI, 142 of these have been granted as prospecting rights licenses across the three main islands of Japan.

The following is a breakdown of the 142 granted Prospecting Rights:

- 38 Prospecting Rights have been granted at the Ikutahara Project (13,286 hectares)
- 11 Prospecting Rights at the Ohra-Takamine Project (3,705 hectares)
- 4 Prospecting Rights at the Tobaru Project (1,347 hectares)
- 12 Prospecting Rights at the Kamitsue Project (4,069 hectares)
- 9 Prospecting Rights at the Aibetsu Project (2,916 hectares)
- 26 Prospecting Rights at the Ebino Project (8,550 hectares)
- 22 Prospecting Rights at the Mizobe Project (5,163 hectares)
- 6 Prospecting Rights at the Usa Project (1,838 hectares)
- 14 Prospecting Rights at the Bajo Project (4,478 hectares)

The following is a summary of work completed to date by the Company:

Ikutahara Project

The 20,513-hectare Ikutahara Project (which includes 13,286 hectares of prospecting rights and 7,227 hectares of prospecting rights application) is the Company's most advanced project. Located 20 km southeast of the historic Konamai mine in north Hokkaido, the Ikutahara Project is underlain by prospective Miocene-Pliocene age volcano-sedimentary rocks and older meta-sedimentary basement rocks and hosts 17 historic gold mines and workings. This includes the Kitano-o mine (1924-43) which is reported to have produced 96,450 ounces of gold from mining of gold-bearing eluvium associated with sinter deposits and sub-sinter epithermal veins.

Preliminary field work in Q4 2016 comprised regional drainage sampling and semi-detailed prospecting over historical gold-silver mine workings. This included prospecting, geological mapping, collecting stream sediment and Bulk Leach Extractable Gold ("BLEG") drainage samples, along with rock float and outcrop sampling. Stream sediment and BLEG sampling are used to highlight gold dispersion and multi-element pathfinder signatures of gold-bearing quartz vein systems and potential

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mineralized extensions. Historical data compilation and detailed mapping of two advanced Ikutahara prospects, which are the areas surrounding the historic Ryuo gold-silver mine and Akebono gold-silver workings were also completed.

Extensive gold, arsenic, antimony and mercury drainage anomalies were recorded throughout the project and contrast the differing levels of erosion of the epithermal vein systems throughout the project. Results from rock sampling done concurrently with the drainage survey supported these multi-element anomalies. Subsequent 2017 follow-up evaluation field programs (semi-detailed to detailed geologic mapping, geochemical rock sampling, spectral alteration studies and field reviews by Company consultants) were undertaken over ranked drainage anomalies and historical mine workings with the aim of establishing multiple drill targets.

During November-December 2017 scout drilling at the Akebono prospect targeting known and possible extensions of high-grade shoots in the Akebono vein system were suspended due to abnormally severe winter conditions. Three drill holes totaling 333.6m were completed using Company-owned, man-portable diamond core drill rigs operated by Sumiko Resources Exploration & Development Co., Ltd., (SRED). The rationale for acquisition of two PMC400 drill rigs and one PMC700 drill rig was that it was considered it would give the Company independence and flexibility on the timing and execution of its drill programs.

Results from the initial scout drilling program support the presence of high-grade gold shoots in the Akebono vein system previously indicated by historic sampling of underground workings. The Akebono program was a successful testing ground for the Company's operations in Japan, having worked through first-mover challenges of permitting, administration, and advancing the field activities to drilling.

Continued surface prospecting and mapping in Q1-Q3 2018 over the historic Kitano-o Gold District (Kitano-o, Ikutahara, Showa mines and the Sakinzawa workings) highlighted the presence of high-grade gold mineralization in grab samples taken from historic mine dumps and workings. Geological and alteration mapping and geochemical sampling is used to develop an understanding of the controls on epithermal gold-vein mineralization. New prospect areas Toge Ridge and Asada Ridge were identified through these prospecting activities and geological modeling. Applications for planned drill programs within designated Protected Forest of which the majority of prospect areas lie within were initiated mid-2018 by the Company's permitting team.

Surface prospecting of the Kitano-o Gold District continued throughout 2019 with ridge and spur composite soil sampling, geological mapping & rock sampling, along with spectral alteration mapping undertaken over the Sakinzawa, Toge Hill, Asada Ridge and northern extensions of the latter two. To enhance geological modeling and refine drill targeting grid-based resistivity surveys (CSAMT & AMT techniques) were completed over the main Kitano-o and Ryuo prospect in Q4 2019. Similar prospect-scale gravity surveys were completed over the same prospect areas, along with the Toge Hill and Asada Ridge areas in Q3/Q4 2019.

Following the issuing of relevant permits in July 2019, the Company commenced Phase 1 drilling at the Kitano-o prospect. Six holes aggregating 2,387 m were drilled to test the western and central portions of the inferred 3 km mineralized zone of epithermal gold-silver veins beneath the historic Kitano-o Mine surface workings.

Drill results when combined with surface geochemistry, CSAMT and gravity geophysics data, suggest that the eastern part of the prospect is where a large epithermal system developed at depth, whereas the drilled western area is more likely to be the lateral outflow zone.

Between May and June 2021, 3 drill holes were completed at the Ryuo Prospect for a total of 828.3 m drilling. Commencing in September 2021, a further 8 holes were completed for a total of 2,379.6 m drilling. A soil grid over the greater Ryuo prospect was completed in August 2021 to provide more geochemical coverage and highlight potential extensions to the known workings and mineralization. Permitting for drilling programs in the eastern Kitano-o and Saroma prospect areas are being advanced by the Company's permitting team for commencement of drilling in Q2 2022. Grid soil sampling re-commenced at the North Kitano-o prospects in August 2021 to provide a more systematic coverage of the eastern side of the prospects area. A soil grid over the East Kitano-o Prospect has also been completed to add a fuller understanding to the planned drill programs. Soil geochemical and alteration data has been received from the lab and is being evaluated with respect to planned drilling at East Kitano-o.

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Drill Hole Number	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)
IKDD21-001	60.6	65.5	4.9	12.1	33
<i>incl.</i>	60.6	61.5	0.9	18.4	115.8
<i>and</i>	63.55	65.5	1.95	20.5	21
<i>incl.</i>	63.9	64.45	0.55	59.4	49.5
<i>incl.</i>	64.2	64.45	0.25	125	97
IKDD21-002	No Significant Intersections				
IKDD21-003	81.2	83.32	2.12	6.32	12.6
<i>incl.</i>	81.55	82.87	1.32	8.94	17.6
<i>incl.</i>	81.95	82.25	0.3	14.75	27.8
<i>incl.</i>	119.7	120.2	0.5	3.05	7.2
IKDD21-004	42.55	42.75	0.20	2.8	14.4
	88.50	88.80	0.30	1.2	23.9
IKDD21-005	140.40	140.70	0.30	1.4	4.9
	176.05	176.35	0.30	1.2	2.1
IKDD21-006	72.15	72.35	0.2	5.0	36.9
IKDD21-007	137.75	137.90	0.15	1.3	20.5
	151.30	151.50	0.20	1.0	1.7
	153.20	153.50	0.30	1.7	1.6
	233.30	234.30	1.00	30.0	284.0
	258.40	258.80	0.40	1.2	2.3
	272.60	273.90	1.30	3.7	2.3
	276.65	277.10	0.45	3.0	2.7
	289.30	289.55	0.25	1.8	3.4
	319.00	320.00	1.00	1.3	3.1
	339.00	340.35	1.35	2.7	4.1
	406.45	406.85	0.40	2.7	12.7
	408.60	409.05	0.45	2.6	5.4
	426.45	426.80	0.35	2.3	0.8
	432.70	435.65	2.95	1.6	1.7
<i>incl.</i>	434.40	435.00	0.60	3.1	2.6
IKDD21-008	231.80	233.40	1.60	2.8	17.2
	254.15	254.60	0.45	1,395.0	768.0
	257.85	258.05	0.20	1.9	2.2
	288.40	288.90	0.50	2.1	0.8
IKDD21-009	360.40	364.00	3.60	3.0	22.3
<i>incl.</i>	360.40	361.50	1.10	4.9	18.1
<i>and</i>	363.00	363.50	0.50	5.2	25.3
IKDD21-010	74.05	94.05	20.00	6.3	15.7
<i>incl.</i>	74.05	74.45	0.40	8.2	12.7
<i>and</i>	75.50	76.35	0.85	5.2	8.1
<i>and</i>	79.75	84.85	5.10	15.2	13.1
<i>incl.</i>	81.20	84.85	3.65	20.1	16.3
<i>incl.</i>	82.85	84.85	2.00	34.3	25.8
<i>incl.</i>	82.85	83.50	0.65	92.0	64.3
<i>incl.</i>	83.15	83.50	0.35	140.0	97.5
<i>and</i>	87.10	88.45	1.35	8.9	77.1
<i>incl.</i>	87.80	88.05	0.25	37.2	360.0
<i>and</i>	90.65	91.80	1.15	9.4	19.3
<i>and</i>	93.45	93.65	0.20	30.5	40.9
IKDD21-011	98.10	98.25	0.15	1.6	4.3
	127.50	128.20	0.70	1.7	1.4
	130.10	130.25	0.15	1.3	11.1
	289.75	289.95	0.20	2.9	51.2

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Ohra-Takamine Project

The Ohra-Takamine Project comprises 11 contiguous Prospecting Rights blocks (3,705 Ha) near the coastal town of Kirishima in southern Kyushu, in the center of the highly gold-endowed Hokusatsu mining district. The project area contains an intact mineralized epithermal vein system part of which was historically mined up to 1943 (41.6K oz gold). This forming is part of the highly gold endowed Hokusatsu-Kushikino mining district. Regional metallogenic surveys and later prospect evaluation work (including scout diamond) by the Metal Mining Agency of Japan ('MMAJ') in the 1980's has further enhanced the level of geological understanding on this property.

Preliminary field activities were somewhat sporadic in 2018 and Q1 2019 with semi-detailed surface mapping and sampling along the Urushi-Takamine-Ohra mine corridor, supported by spectral alteration mapping. Results confirmed the presence of auriferous quartz veins hosted by hydrothermally altered Miocene volcanic rocks which in parts are overlain by post-mineral ash cover. The presence of sinter at several localities indicates the fossil geothermal system is well preserved and with known surface/near surface mineralization, represents a significant exploration target for shallow-level epithermal gold-silver deposits.

Based on the positive surface results together with field-truthing of historical mine plans, a four-hole scout drilling program was proposed. Following stakeholder engagement and consents, along with other required formalities, the relevant drilling permit was issued by METI authorities in mid-June 2019. A fourth drill rig was imported into Japan and drilling operations commenced in late June 2019; however only the first drill hole was completed, with a second in progress when a management decision was made to mobilize all Company drilling teams to Hokkaido to complete the drill program at the Kitano-o prospect before the full onset of winter.

During January-February 2020 surface activities completed included grid-based (6.4 x 3.3 km) composite soil sampling with associated geological & alteration mapping, 35 km of resistivity mapping ("controlled source audio-frequency magnetotellurics" or CSAMT) and acquisition of Bouguer gravity data over an approximate area of 8 x 4 km centered on the Urushi-Takamine-Ohra mine corridor. Geophysical data was processed, modelled, and combined with geochemical and geological data and an initial 2 drill hole program with contingency for other drill holes was planned from this data.

On August 4, 2020, the Company announced commencement of drilling of two scout drill holes (total 1,186 metres) along the central 3.5 kilometres (km) corridor of alteration and epithermal-gold mineralization defined by the Ohra, Takamine and Urushi historic mines. A drill hole completed in 2019 of 455 m depth was also announced with the 2020 drill results. The following intervals were reported from the drill program:

- Drillhole OTDD20-001, targeting the down dip extension of the Urushi Mine workings, intersected 7 narrow, gold-anomalous quartz veins including highlight intercepts of:
 - 0.35 m @ 21.7 g/t Au & 13 g/t Ag from 233.95 m
 - 4.15 m @ 1.6 g/t Au & 2.4 g/t Ag from 222.6 m
(inc. 0.55 m @ 3.5 g/t Au & 4.5 g/t Ag from 225.7 m)
(and. 0.25 m @ 6.5 g/t Au & 7.5 g/t Ag from 226.0 m)
 - 1.2 m @ 1.5g/t Au & 31 g/t Ag from 114. 4m
(inc. 0.4 m @ 3.2 g/t Au & 84 g/t Ag from 115.2 m)
- Drill hole OTDD19-001, drilled from the north side of the Ohra Mine, intersected a 4.5 m wide (down-hole width) quartz vein from 227 m down hole. A 0.35 m wide portion of the vein returned 1.7 g/t Au and 5.0 g/t Ag.
- Drillhole OTDD20-002, targeting beneath the Ohra Mine workings intersected numerous broad intervals of intense alteration and quartz veining from a downhole depth of 206 m to end of hole (584 m). These zones range from 4 to 40 m in downhole length.

An evaluation of all geological, geochemical and geophysical data is planned to generate new drill targets for permitting and subsequent planned drilling in Q2, 2022.

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Tobaru Project

The Tobaru Project is located within the highly gold endowed Hokusatsu-Kushikino mining district, near the town of Kuma in southern Kyushu. The Fuke mine (106.1K oz gold at mined grades of 8.2-11.4 g/t Au and 4.8-9.4 g/t Ag) is located proximal to the western property boundary. The project area contains attributes of both an exposed high-sulphidation altered lithocap and low sulphidation epithermal event along strike to the Fuke mine. The former being delineated in the 1980's and 1990's by the Mitsui - BHP Joint Venture.

During Q2 2018, limited reconnaissance and spectral alteration mapping was completed over the Project area. Due to the high prospectivity of the district, the potential for both low and high-sulphidation and porphyry mineralization related to advanced argillic alteration, the Company believes this area is worthy of more detailed exploration.

As part of the Barrick Alliance group of projects BLEG sampling was completed in 2021 at Tobaru with a total of 32 BLEG and 98 rock samples collected.

Aibetsu Project

The Aibetsu Project encompasses five historical gold-silver and mercury mines and/or mineral occurrences and is located in the Kamikawa district of northern Hokkaido, within the Kitami mining region. The Tokusei mine produced 38,580 ounces of gold and 472,620 ounces of silver, mined from quartz-adularia veins between 1930-1942. The project area has had only limited exploration since the 1940's which included mapping, soil sampling, and resistivity surveys by MMAJ over the Tokusei mine area between 1998-2002. This work culminated in five diamond drill holes up to 700 m deep for a total of 3,400 m targeted mainly on Tokusei mine extensions. The most significant result was from drill hole 13MAHB-2 which reported an intersection of 1.4 m at 69 g/t Au and 263 g/t Ag from a quartz vein intersected approximately 340 m below surface.

In Q2/Q3 2017, semi-detailed geologic mapping and geochemical sampling of historical mine workings, ridges, streams and roads was undertaken. Infill and extensions of the MMAJ soil sampling program over a 5 x 4 km grid area was also completed. Results confirm the presence of high-grade gold mineralization within and around the historic Tokusei mine workings and emphasize significant potential for extensions to the epithermal vein system at the Tokusei mine. Subsequent spectral alteration studies of sample duplicates confirmed these findings.

In Q1 2019, a preliminary drilling business plan was submitted to the METI authorities. A number of changes have subsequently been made to the plan documentation and dialogue continues with METI on an on-going basis.

Barrick Alliance

On February 24, 2020, the Company announced a country-wide alliance with Barrick Gold Corporation and acquired six new projects in the Southern Kyushu Epithermal Gold Province. The Barrick Alliance covers the entire country of Japan including 29 out of 31 projects currently held by Japan Gold. The Barrick Alliance does not include the Iktahara Project in Hokkaido and the Ohra-Takamine Project in Kyushu and Japan Gold will continue to advance these two projects independently. Barrick will sole fund a 2-year Initial Evaluation Phase of each project. Barrick will sole fund a subsequent 3-year Second Evaluation Phase on projects which meet the Barrick criteria. Japan Gold will act as the Manager of each project, subject to Barrick's right at any time to become the Manager of a project. Barrick may identify a project as a Designated Project, at any time during the Initial Evaluation Phase or the Second Evaluation Phase, which Barrick may elect to sole fund to completion of a pre-feasibility study. Upon completion of a PFS, Barrick will earn a 51% interest in the Designated Project. Barrick may elect to continue to sole fund a Designated Project following the completion of a PFS to a bankable feasibility study. Barrick's interest in the Designated Project at the completion of the BFS will increase to 75%. Where Barrick has elected to sole fund a Designated Project through to completion of a BFS, Japan Gold will be fully carried through completion of the BFS and retain a 25% interest in the Designated Project.

Subsequent to the Barrick Alliance announcement, the Company's permitting team applied for METI consent to undertake regional drainage sampling programs over the Kyushu Project areas, whilst compilation of digital drainage maps & planned sampling localities and acquisition of regional gravity has been on-going. The regional program will include sampling of stream sediments for BLEG, and multi-element pathfinder analysis along with gravity surveys over the 1,591 square kilometers covered by the Barrick Alliance Projects on the islands of Kyushu, Honshu and Hokkaido. The program progressed from the south to the north of Japan and is anticipated to be completed within one year with Japan Gold acting as the Operator. Due to a month

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long delay to start the field program caused by the COVID-19 global pandemic, the Company implemented strict safety protocols to avoid the virus spreading and work commenced in Kyushu on May 7, 2020.

Eight projects, or thirty percent of the southern Kyushu project areas for a combined total of 32,769 hectares had BLEG sampling completed in southern Kyushu by July 2020. A total of 456 BLEG samples, including 52 duplicate samples, and 363 rock-chip samples were collected in that phase of work. First pass BLEG sampling was completed over the Mizobe (including Mizobe 1st Ext.), Mizobe-Onoyama ext., Onoyama-Yamagano ext., Onoyama, Kurino, Gumyo and Tobaru project areas. A single day of BLEG sampling was conducted at Kamitsue, in middle Kyushu, before bad weather shut the program down on July 9, 2020. During September 2020, assay results for the 363 rock float samples collected in the Hokusatsu Region were received from the lab and a litho-basin analysis was presented to the Barrick Alliance. Banded quartz vein and/or hydrothermal breccia floats were recorded in all projects sampled except for the Kurino Project where silicified float was reported to the south of the Hishikari mine license. Sample statistics were encouraging with 86 samples giving gold values greater than 0.5 g/t Au and 22 greater than 5 g/t.

Field teams relocated and resumed sampling in north Hokkaido on July 23, 2020 at the Sanru Project. The initial sampling program at Sanru was completed on August 29, 2020 with 366 BLEG samples including 34 duplicates and a total of 151 rock floats collected. This initial batch of samples were dried processed and dispatched in early October 2020. Upon review of sample locations some extra sampling was deemed necessary to fill some minor gaps in the BLEG sample coverage, this work was subsequently completed in early October 2020 with an additional 42 BLEG's and 8 rock float samples collected. With the additional samples the Sanru data set is being QA/QC'd for sharing with Barrick to create basin polygons for subsequent litho-basin and litho-geochem basin analysis interpretations.

BLEG sampling commenced in September 2020 at the Aibetsu and Tenryu Projects and was completed by October 1, 2020. A total of 99 BLEG's including 8 duplicates and 90 rock float samples were collected. In early October focus shifted to initial phase sampling on the eastern graben projects of the Kitami Region. The Numanoue, Hakuryu, Onne, Fujimi, Harutomi and 50 % of the newly incorporated Kanehana Projects; along with the Buho and Minamikayabe Projects in southwest Hokkaido's Sapporo-Iwanai Mineral District were completed as planned by the mid-November. In the second half of November initial phase sampling was completed over the Togi Project in Honshu and a further 2 weeks of sampling were completed in the first half of December to cover most of the Tobaru-Fuke Ext. Project in southern Kyushu. By December 2020, 62% of the total Barrick Alliance portfolio (111,554.8 of 179,767.2 hectares) had been covered by initial phase BLEG and rock float geochemical sampling.

JX Tankai completed collection of 156 road-based gravity stations from the Mizobe and Mizobe 1st extension projects on the 12th July. International Geoscience QA/QC'd the JX data and merged with the leveled regional Hokusatsu database to produce a set of images for both the Mizobe Project and the Hokusatsu region scales at the end of September. SRED completed gravity surveying for the Mizobe-Onoyama and Onoyama-Yamagano projects between September and October 2020. A total of 186 points for Mizobe-Onoyama and 181 points for Onoyama-Yamagano were surveyed.

Field operations recommenced in Kyushu in mid-January 2021 and shifted to Hokkaido in mid-June 2021. By the end of June 2021, initial phase sampling was 94 % complete over the entire 203,047 hectares within the Barrick Alliance Japan portfolio. BLEG sampling had covered the entire Kyushu and Honshu project areas and 90% of the Hokkaido projects. Project scale gravity surveying was complete over all projects in Kyushu and Honshu and the Sanru Project in Hokkaido.

Regional BLEG and rock results for the 8 Hokusatsu Region projects completed in 2020 (Tobaru, Kurino, Onoyama-Yamagano, Mizobe-Onoyama, and Mizobe projects) and Hokkaido projects Sanru, Aibetsu and Tenryu were presented to Barrick in February, 2021. Based on this data 19 anomalies have been identified for further follow up. In the review It was also decided that a series of applications should be submitted to cover the gap zone between Aibetsu and Tenryu due to Au, Te and Hg anomalism reported in stream sediment samples in this area. Thirteen applications were prepared and submitted in March 2021 totalling 3,971.7 ha. A second presentation on preliminary results for the Togi project was presented to Barrick in March 2021, and during the meeting it was decided to expand coverage at Togi and a further 51 applications were submitted in April 2021 to cover the peripheries of the project area due to submission of new applications covering parts of the Noto Peninsula by Irving Resources.

BLEG, multi-element, rock-chip and litho-catchment ranking presentations for Hokkaido Projects sampled in 2020 were presented to the joint Barrick Alliance Technical Committee on May 27, 2021. Projects presented included Kanehana, Hakuryu, Numanoue and Buho areas. The presentation also included a summary of more detailed follow-up work completed on the Mizobe Project. Based on results an additional 15 applications (4,917 ha) were lodged covering areas of mineralisation along

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graben margin faults on the west side of the Kanehana project in northeast Hokkaido. 11 new applications comprising 3,383 ha were lodged covering western and southeastern extensions to mineralisation in the Buho project area.

The Balance of initial phase BLEG and rock sample results for southern Kyushu collected in late 2020 to early 2021 have been received apart from 1 BLEG dispatch. With these results in hand, preparation of BLEG, multi-element, rock-chip and litho-catchment ranking presentations for Tobaru-Fuke; Ebino; Isa; Gumyo West; Onoyama-Yamanago West Ext., Mizobe West 2nd Ext., OT Yaeyama, Yaeyama and Kushikino-Iriki are being prepared as a priority. Litho-sample slab photographs are also being compiled to support presentation of BLEG results and as a permanent record of all samples collected.

Follow up of anomalies defined in 2020 in the Hokusatsu Region of Southern Kyushu commenced in mid-April 2021. By the end of June 2021 follow-up semi-detailed mapping and rock outcrop sampling of altered / mineralised outcrops at the Mizobe East, Mizobe West, Mizobe-Onoyama SW and 10% of Kowa anomalies had been completed. This work has identified and confirmed the main lithologies (pre and post mineral), described alteration & mineralisation and has advanced our understanding of structural controls on mineralisation. Initial interpretations from Mizobe East indicate mineralisation both disseminated Sb and Au in quartz vein / stockwork are localised around normal faults slightly oblique or sub-parallel to the Kagoshima Graben. At Mizobe West, fault-hosted LS epithermal vein fragments, cut by mm- to cm-wide sheeted and quartz and sulphide stockwork vein and veinlet zones collectively define a discontinuously exposed structural / alteration zone approximately 150 to 200m in width and possible strike length in excess of 800m.

Barrick Alliance Initial Phase Geochemical and Geophysical Ground Coverage

Barrick Alliance projects	Total Ha	Initial Phase Geochem Covered to date (Ha)	% Geochem Coverage	Gravity Coverage to Date	% Gravity Coverage
Barrick Alliance Hokkaido	89,733.1	86,350	96	58,725	56.5
Barrick Alliance Hokusatsu	96,733.2	96,733.2	100	96,733.2	100
Barrick Alliance Middle Kyushu	10,385.2	10,385.2	100	10,385.2	100
Barrick Alliance Honshu	18,467.0	18,467	26	3,990.1	21.6
Total Barrick Alliance	215,318.5	177,692.3	94.8	152,502.6	81

COVID-19 Operating Plan

The Company has taken appropriate steps to ensure that it can operate effectively while following Japanese government health protocols.

Through its COVID-19 Operating Plan, the Company has instituted strict prevention measures to protect the Company's workforce and the local communities. Exploration geologists and field assistants have been gradually mobilized to Kyushu and have exercised 14-day self-isolation measures prior to commencing work. Japan Gold will continue to closely monitor the rapidly changing COVID-19 landscape and act proactively to protect the health of its workforce and the safety of local communities.

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SUMMARY OF QUARTERLY RESULTS

	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Total assets	\$32,371,554	\$33,091,277	\$24,529,931	\$18,088,915
Working capital	11,689,692	13,835,511	6,044,259	1,333,354
Net loss	(1,038,046)	(748,776)	(740,569)	(799,404)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Total assets	\$20,656,488	\$21,429,682	\$21,210,637	\$15,555,893
Working capital (deficiency)	2,623,106	4,392,591	5,693,431	(1,199,120)
Net loss	(930,265)	(512,216)	(1,289,618)	(981,573)
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.01)

Total assets increased from \$20,656,488 as at December 31, 2020 to \$32,371,554 as at December 31, 2021. This is attributed to an increase in cash and the capitalization of exploration and evaluation expenditures related to the Company's exploration and drilling programs, which were funded by equity financing that closed in the third quarter of 2021. As at December 31, 2021, the Company has capitalized a total of \$19,131,644 in exploration and evaluation assets (December 31, 2020 - \$16,304,050). The increase in net loss from September 30, 2021 from \$748,776 to \$1,038,046 as at December 31, 2021 is mainly due to \$436,984 in share-based compensation expensed from options granted during Q4, 2021.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2021

During the three-month period ended December 31, 2021, the Company had a net loss of \$1,038,046 compared to a loss of \$930,265 for the three-month period ended December 31, 2020. Significant changes occurred in the following categories:

- The Company recorded share-based compensation of \$436,984 during the period ended December 31, 2021 related to new stock options granted in Q4 2021 (December 31, 2020 - \$172,243).
- The Company recognized a lower foreign exchange loss of \$3,898 (December 31, 2020 - \$117,960) due to the fluctuations of foreign exchange rates in the Japanese Yen to Canadian Dollar recognized during 2021.

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RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2021

During the year ended December 31, 2021, the Company reported a net loss of \$3,326,795 compared to a loss of \$3,713,672 for the year ended December 31, 2020. Significant changes occurred in the following categories:

- The Company incurred \$378,650 compared to \$94,098 in 2020 for project evaluation costs. Project evaluation costs was higher in 2021 as it relates to the general exploration and generative project work performed on the Company's projects in identifying new areas that are not capitalized.
- The Company incurred occupancy and office costs of \$297,794 during the year ended December 31, 2021 (December 31, 2020 – \$364,919). Out of this amount, \$158,140 was paid for rent and office costs relating to head office and the remaining \$139,654 related to rent and office costs in Japan during the twelve-month period. The reduction in occupancy and office cost during the current year has been the result of Barrick Alliance reimbursing the Company for a portion of such costs.
- Professional fees of \$178,896 during the year ended December 31, 2021 (December 31, 2020 - \$340,471) was lower due to the Company having fewer activities with respect to transactions, professional and legal fees.
- Salaries during the year ended December 31, 2021 of \$Nil (December 31, 2020 - \$51,065) were lower due to these costs being capitalized into the Company's projects in Ikutahara and Ohra-Takamine during the current year.
- The Company recognized a lower foreign exchange loss of \$43,275 during the year ended December 31, 2021 (December 31, 2020 - \$289,753) due to a higher variance in foreign exchange fluctuations in the Japanese Yen against the Canadian dollar in 2021 compared to 2020.
- The Company recorded travel expense of \$18,825 during the year ended December 31, 2021 (December 31, 2020 - \$48,947). Travel costs during the current period were lower as the outbreak of COVID-19 has continued to significantly limit international travel into Japan.
- During the year period ended December 31, 2021, the Company incurred \$18,425 (December 31, 2020: \$106,889) in financing expense. This amount is lower compared to the previous year because the Company did not incur finance expenses connected to related party loans compared to the same period in 2020.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents as at December 31, 2021 were \$11,954,665 which was an increase from \$2,368,000 as at December 31, 2020. As at December 31, 2021, the Company has a working capital of \$11,689,692 compared to a working capital of \$2,623,106 as at December 31, 2020.

On July 8, 2021, the Company closed an equity financing and issued a total of 48,571,429 shares in a non-brokered private placement at a price of \$0.35 per share for gross proceeds of \$17,000,000. The Company paid a total of \$1,023,792 in cash finders' fee and other professional costs and issued a total of 2,887,679 compensation warrants in connection with the private placement.

Net cash used in operating activities for the year ended December 31, 2021 was \$2,028,824 compared to net cash used of \$2,671,779 during the year ended December 31, 2020. The cash used in operating activities reflected the Company's general and administrative expenses as well as efforts by the Company during 2021 to continue to build its project portfolio.

Net cash used in investing activities during the year ended December 31, 2021 was \$4,291,920 (December 31, 2020: \$4,928,538). This was mainly due to the drilling expenditures incurred to advance the Company's key projects in Ikutahara and Ohra-Takamine.

Net cash generated from financing activities during the year ended December 31, 2021 was \$16,006,369 (December 31, 2020: \$8,607,876). During the year, the Company received \$15,976,208 in net proceeds from a private placement which closed in July 2021. The Company also received \$121,443 from the exercise of warrants (December 31, 2021: \$403,630). During the previous year ended December 31, 2020, the Company received \$7,339,682 in net proceeds from a private placement, \$1,000,000 (net of cash repayment) in advances from Southern Arc, a company with management in common with the Company and incurred \$55,000 in cash financing expense in connection with this loan.

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RELATED PARTY TRANSACTIONS

Key management and personnel compensation

Key management personnel include the directors of the Company. Key management compensation consists of the following:

	Year ended	
	December 31, 2021	December 31, 2020
Management fees	\$ 564,000	\$ 564,000
Project evaluation-consulting	\$ 187,129	\$ 231,843
Consulting fees	\$ 241,612	\$ 184,442
Director fees	\$ 153,249	\$ 137,767
Share-based compensation	\$ 420,235	\$ 518,704

During the year ended December 31, 2021, the Company incurred \$564,000 (December 31, 2020: \$564,000) in management fees for administrative, finance and accounting services and certain office expenses to a private company controlled by John Proust, the Chief Executive Officer of the Company. The Company also reimbursed \$60,450 in occupancy costs during the year ended December 31, 2021 (December 31, 2020: \$24,411).

The Company also incurred \$187,129 in consulting fees for project evaluation to Andrew Rowe, an officer of the Company during the year ended December 31, 2021 (December 31, 2020: \$231,843). As at December 31, 2021, \$19,031 (December 31, 2020: \$29,416) of these fees were outstanding and payable to the officer.

The Company also paid \$73,612 in consulting fees (December 31, 2020: \$16,442) to Takashi Kuriyama, the General Manager of Exploration of the Company. As at December 31, 2021, \$4,789 (December 31, 2020: \$8,123) of these fees were outstanding and payable. During the year ended December 31, 2021, the Company incurred \$168,000 (December 31, 2020: \$168,000) in consulting fees for providing analysis and strategic advice related to the development of exploration projects to a private company controlled by Mitsuhiko Yamada, a director of the Company.

Other related party transactions

During the year ended December 31, 2021, Southern Arc, a company with common directors and management, charged the Company \$23,971 in office expenses (December 31, 2020: \$110,296 in rent and office expenses. As at December 31, 2021, \$8,321 (December 31, 2020: \$5,119) of these fees were included in accounts payable and accrued liabilities.

On March 9, 2020, Southern Arc provided an unsecured non-interest-bearing loan to the Company in the principal amount of \$1,000,000. This Loan was for a 6-month term ending on September 9, 2020. In consideration for the Loan, Southern Arc received an upfront cash fee of \$50,000 and 500,000 non-transferable share purchase warrants exercisable at a price of \$0.40 per share expiring on March 9, 2021. The fair value of these warrants was determined to be \$35,609 using the Black-Scholes pricing model and the following weighted average assumptions: Risk-free interest rate – 1.58%; expected volatility – 75%; share price of \$0.32 and exercise price - \$0.40; expected life of warrants – 1 year. On May 11, 2020, the loan was settled in full through the issuance of 4,000,000 Units at \$0.25 per unit (see Note 8). The Company recorded a loss on debt settlement of \$57,693 representing the write off of unamortized transaction costs which is included as part of financing expense.

During the year ended December 31, 2020, the Company received additional advances of \$100,000 from Southern Arc. This balance was repaid during the period. The Company paid a cash financing fee of \$5,000 on this advance.

The above transactions occurred in the normal course of operations and are recorded at the consideration established and agreed to by the related parties.

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CURRENT SHARE DATA

As at the date of this MD&A, the Company had 224,890,479 common shares issued and outstanding.

The following table summarizes information about the share options outstanding as at the date of this MD&A:

Outstanding	Weighted average exercise price	Expiry date	Weighted average remaining life (years)
120,000 \$	0.27	June 3, 2024	2.42
3,974,950	0.40	September 15, 2026	4.71
275,000	0.40	October 28, 2026	4.83
1,525,050	0.16	December 13, 2028	6.96
5,180,000	0.20	January 24, 2029	7.07
4,315,000	0.30	May 13, 2030	8.37
6,390,000	0.35	December 23, 2026	4.98
21,780,000 \$	0.30		6.22

As at the date of this MD&A, the Company has the following share purchase warrants outstanding:

Outstanding	Weighted average exercise price	Expiry date	Weighted average remaining life (years)
7,039,000	0.40	May 8, 2022	0.35
8,525,000	0.40	May 29, 2022	0.41
1,475,000	0.40	June 1, 2022	0.42
12,500,000	0.40	August 9, 2022	0.61
2,887,679	0.35	July 8, 2022	0.52
32,426,679 \$	0.40		0.48

RISKS AND UNCERTAINTIES

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a “going concern”, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has not generated any revenues or cash flows from operations to date. For the year ended December 31, 2021, the Company incurred negative cash flows from operations of \$2,028,824 and recorded a net loss of \$3,326,795. These conditions result in material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern. The Company expects that it will require additional debt or equity funding in the next twelve months in order to continue its planned exploration and evaluation activities and meet its business objectives. The Company plans to raise the necessary funds primarily through issuance of common shares. The Company’s ability to continue as a going concern is dependent on its ability to successfully raise additional funds. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

The Company’s business could be significantly adversely affected by the effects of any widespread global outbreak of contagious diseases. A significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect demand for the Company’s products and likely impact operating results. In particular, the outbreak of COVID-19 has had a negative impact on global financial conditions. The Company cannot accurately predict the impact COVID-19 will have on the Company’s business, including its ability to obtain financing or third parties’ ability to meet their obligations with the Company, as well as due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries.

In late February 2022, Russia launched a large-scale military attack on Ukraine. The invasion significantly amplified already existing geopolitical tensions among Russia, Ukraine, Europe, NATO and the West, including Canada. In response to the

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military action by Russia, various countries, including Canada, the United States, the United Kingdom and European Union issued broad-ranging economic sanctions against Russia. Such sanctions (and any future sanctions) and other actions against Russia may adversely impact, among other things, the Russian economy and various sectors of the economy, including but not limited to, financials, energy, metals and mining. Accordingly, the actions discussed above and the potential for a wider conflict could increase financial market volatility and cause severe negative effects on regional and global economic markets. As a result, the Company's business, financial condition, and results of operations may be negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action.

The nature of the Company's operations exposes the Company to liquidity risk and market risk, which may have a material effect on cash flows, operations and comprehensive income.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and policies.

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short term business requirements after taking into account the Company's cash and cash equivalents. All of the Company's financial liabilities, are classified as current while the Company's obligation to make lease payments is disclosed in Note 7 of the consolidated financial statements for the year ended December 31, 2021. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

Other risk factors

Industry

The Company is engaged in the acquisition and exploration of resource properties, an inherently risky business, and there is no assurance that an economic mineral deposit will ever be discovered and subsequently advanced to production. Most exploration projects do not result in the discovery of economically mineable deposits. The focus of the Company is on areas in which the geological setting is well understood by management.

Gold and other metal prices

The price of gold is affected by numerous factors beyond the control of the Company including central bank sales, producer hedging activities, the relative exchange rate of the US\$ with other major currencies, demand, political and economic conditions and production levels. In addition, the price of gold has been volatile over short periods of time due to speculative activities. The prices of other metals and mineral products for which the Company may explore all have the same or similar price risk factors.

Permitting risk

The Company's mineral exploration activities are subject to receiving and maintaining licenses, permits and approvals from appropriate governmental authorities in Japan. The Company may be unable to obtain on a timely basis or maintain in the future all necessary permits to explore and develop its properties. Delays may occur in connection with obtaining necessary renewals or permits for the Company's existing operations and activities, additional permits for existing or future operations or activities, or additional permits associated with new legislation.

Ability to raise funding

The Company has no revenues from operations and expects to incur operating losses in future periods due to expenses associated with advancing its mineral projects, seeking new business opportunities and working capital costs. The Company has finite financial resources and its ability to advance its mineral projects will depend significantly upon its ability to secure near and long-term financing. There are no assurances that any financing alternative will be successful or that financing will be available at all or acceptable terms. These financing requirements will result in dilution of existing shareholders and the inability to obtain such financing may result in delay or postponement of the Company's activities.

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Global economic conditions

The unprecedented events in global financial markets in the past several years have impacted the global economy where many industries, including the mining industry, are impacted by these market conditions. Market events and conditions, including disruptions in the international credit markets and other financial systems could impede the Company's access to capital or increase the cost of capital which may adversely affect the Company's operations.

CRITICAL ACCOUNTING POLICIES

Reference should be made to the Company's significant accounting policies contained in Note 2 of the Company's consolidated financial statements as at December 31, 2021. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

Significant accounting judgments and estimates

The preparation of these consolidated financial statements 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 reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future conditions and other factors, including expectations of future events that are believed to be reasonable under the current circumstances.

Estimation of uncertainty

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, which could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The application of the Company's accounting policy for exploration expenditure requires estimates in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available. Ownership of exploration and evaluation assets involves certain inherent risks, including geological, commodity prices, operating costs and permitting risks. Many of these risks are outside of the Company's control.
- ii) The determination of fair value of share-based compensation associated with stock options and finders' fee warrants require assumptions with respect to volatility, expected life and discount rates. Changes in these assumptions impact the share-based compensation recognized in profit or loss over the vesting period of the stock options.

Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

- i) The Company's assessment of its ability to continue as a going concern requires significant judgments about whether there are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company must determine whether sufficient financing will be obtained in the near term.

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- ii) The determination of the functional currency of the Company and its subsidiaries requires significant judgment where the primary economic environment in which the subsidiary operates may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation method.

LIMITATIONS OF CONTROLS AND PROCEDURES

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, the Company's management cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the fact that judgements in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, through collusion of two or more people, or by unauthorized override of the control. The design of any control system is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. The Company's officers are not required to certify the design and evaluation of the Company's disclosure controls and procedures and internal controls over financial reporting and have not completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective basis disclosure controls and procedures and internal controls over financial reporting for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

QUALIFIED PERSON AND QUALITY CONTROL AND ASSURANCE

The technical information in this document has been reviewed by Andrew Rowe, Vice President of Exploration, BAppSc, FAusIMM, FSEG, who has sufficient experience relevant to the style of mineralization under consideration and qualifies as a Qualified Person as defined by National Instrument 43-101.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the British Columbia Securities Act. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "anticipates", "plans", "budget", "scheduled", "continue", "estimates", "forecasts", "expect", "is expected", "project", "propose", "potential", "targeting", "intends", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur" or "be achieved" or the negative connotation thereof. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by readers, as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company and its joint venture partners on its properties and work plans to be conducted.

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With respect to forward-looking statements listed above and contained in the MD&A, the Company has made assumptions regarding, among other things:

- *uncertainties relating to receiving mining, exploration and other permits in Japan;*
- *unknown impact related to potential business disruptions stemming from the COVID-19 outbreak, or another infectious illness;*
- *unpredictable changes to the market prices for gold, copper and other commodities;*
- *exploration and developments costs for properties in Japan;*
- *availability of additional financing and farm-in or joint-venture partners;*
- *anticipated results of exploration and development activities;*
- *the Company's ability to obtain additional financing on satisfactory terms or at all.*

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A: volatility in the market price for minerals; uncertainties associated with estimating resources; geological, technical, drilling and processing problems; liabilities and risks, including environmental liabilities and risks, inherent in mineral and oil and gas operations; fluctuations in currencies and interest rates; incorrect assessments of the value of acquisitions; unanticipated results of exploration activities; competition for, amongst other things, capital, undeveloped lands and skilled personnel; lack of availability of additional financing and farm-in or joint venture partners and unpredictable weather conditions. Although the Company has attempted to identify important factors that could cause results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such 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. Readers are cautioned that the foregoing lists of factors are not exhaustive. Forward looking statements are made as of the date hereof and accordingly are subject to change after such date. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.