



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(Unaudited - Expressed in Canadian dollars)

JAPAN GOLD CORP.
Management's Discussion and Analysis
For the periods ended September 30, 2023 and 2022

This Management's Discussion and Analysis ("MD&A"), prepared as of November 16, 2023, should be read in conjunction with the unaudited condensed consolidated interim financial statements of Japan Gold Corp. ("Japan Gold" or the "Company") for the period ended September 30, 2023 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 PERIOD ENDED SEPTEMBER 30, 2023 AND THE SUBSEQUENT PERIOD

- On November 16, 2023, the Company announced the commencement of a second round of drilling at the Mizobe Project in Southern Kyushu for an additional four holes to test extensions of a largely concealed mineralized system. Under the Second Evaluation Phase of the Barrick Alliance, this program is following up on the initial drilling at the Mizobe Project where it encountered wide intervals of gold mineralization (See June 28, 2023 press release for further details on drilling results).
- Barrick Gold Corporation ("Barrick Alliance" or "Barrick") funded an additional \$1,200,502 (US\$900,264) in Q3, 2023 for total funding of \$15,091,004 (US\$11,493,659) since commencement of the Barrick Alliance in February 2020.
- Barrick is continuing their Initial Evaluation Phase on two additional projects and three extensions that were added to the Barrick Alliance following its formation and continues to provide full funding and technical support for the Barrick Alliance activities.
- In July 2023, the Company commenced drilling at its 100% owned Ohra-Takamine project to target the inferred strike extension of the veins encountered in a previous drill hole completed by the Company. One drill hole was completed, and three additional drill holes are being considered to test vein targets between the historical Ohra and Takamine mines.
- On May 29, 2023, the Company closed non-brokered private placements and issued a total of 30,650,000 common shares at a price of \$0.20 per common share for gross proceeds of \$6,130,000. The Company paid total cash commission of \$279,500, incurred \$26,664 in professional fees and issued a total of 1,947,500 finder's warrants to arm's length finders. The finder's warrants are exercisable at C\$0.20 per share for a period of 12 months from the date of closing.

COMPANY OVERVIEW

Japan Gold Corp. (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 holds a portfolio of 35 gold projects which cover areas with known gold occurrences, a history of mining, and are prospective for high-grade epithermal gold mineralization. The Company's leadership team represents decades of resource industry and business experience, and the Company has an operational team of geologists, drillers and technical advisors with experience exploring and operating in Japan. The Company has an alliance with Barrick Gold Corporation ("Barrick"), referred to as our Barrick Alliance, to jointly explore, develop, and mine certain gold mineral properties and mining projects with the potential to host Tier 1 or Tier 2 gold ore bodies.

On May 29, 2023, the Company completed non-brokered private placements and issued a total of 30,650,000 common shares at a price of \$0.20 per common share for gross proceeds of \$6,130,000. The Company paid total cash commissions of \$279,500, incurred \$26,664 in professional fees and issued a total of 1,947,500 finder's warrants to arm's length finders. The finder's warrants are exercisable at C\$0.20 per share for a period of 12 months from the date of closing.

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On February 24, 2020, the Company announced an alliance with Barrick. Barrick sole funded a 30-month Initial Evaluation Phase on the majority of the Company project portfolio. Japan Gold acts 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 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.

On September 6, 2022, the Company announced that Barrick had selected six projects from the portfolio to continue within the Second Evaluation Phase (see detailed discussion of the Barrick Alliance below). In addition, Barrick will be continuing their Initial Evaluation Phase on two projects and three project extensions that were added to the Barrick Alliance following its formation. Barrick will continue to provide full support and management and sole fund all Barrick Alliance activities. To date, Barrick has funded a total of \$15,091,004 (US\$11,493,659). Barrick has not yet declared any project as a Designated Project.

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 gold mining and has received strong local support. As a first mover in Japan, the Company remains active in ongoing discussions with regulatory bodies in Japan in respect of its property portfolio.

FINANCIAL SNAPSHOT

| | September 30, 2023 | December 31, 2022 | December 31, 2021 |
|--------------------------------|--------------------|-------------------|-------------------|
| Total assets | \$ 28,784,272 | \$ 28,477,234 | \$ 32,371,554 |
| Working capital ⁽¹⁾ | 3,101,908 | 1,530,739 | 11,689,692 |
| Net loss | (2,503,186) | (3,942,414) | (3,326,795) |
| Comprehensive loss | (5,564,829) | (4,808,386) | (5,044,971) |
| Loss per share | (0.01) | (0.02) | (0.02) |

(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 \$2.6 million which includes 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 (each up to 350 hectares), 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 totalled 27,153 hectares over the eight separate projects.

Having prospecting rights applications accepted by Ministry of Economy, Trade and Industry, ("METI") 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 35 projects, for a total of 297,378 hectares, a total of 970 prospecting rights license applications accepted by METI, 180 of these have been granted as prospecting rights licenses across the three main islands of Japan.

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The following is a breakdown of the 180 current Prospecting Rights:

- 15 Prospecting Rights are granted at the Ikutahara Project (5,245 hectares), 23 rights expired in May 2023 and 18 of these applications were re-applied for and accepted by METI
- 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)
- 14 Prospecting Rights at the Bajo Project (4,478 hectares)
- 4 Prospecting Rights at the Buho Project (1,325 hectares)
- 6 Prospecting Rights at the Usa Project (1,838 hectares)
- 47 Prospecting Rights at the Ebino Project (14,698 hectares)
- 22 Prospecting Rights at the Mizobe Project (5,163 hectares)
- 36 Prospecting Rights at the Tobaru-Fuke Project (10,599 hectares)

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

Ikutahara Project

The 21,332-hectare Ikutahara Project (which includes 5,245 hectares of prospecting rights and 16,086.8 hectares of prospecting rights application) is the Company's most advanced project. Located 20 kilometres southeast of the historic Konamai mine in north Hokkaido, the Ikutahara Project hosts 17 historic gold mines and workings including the Kitano-o mine (1924-43) which produced 96,450 ounces of gold from surficial eluvial placers associated with sinter deposits and sub-sinter epithermal veins.

In 2021, three initial drill holes were completed at the Ryuo Prospect, results were very encouraging and included an interval of **4.9 metres @ 12.1 grams per tonne gold and 33 grams per tonne silver** (IKDD21-001) below the Jinja vein workings. An additional eight drill holes were completed later in 2021 providing further strong encouragement including **IKDD21-008: 0.45 metres @ 1,395 grams per tonne and 768 g/t Ag**, and **IKDD21-010: 20 m @ 6.3 grams per tonne and 15.7 grams per tonne silver**, including **5 metres @ 15.2 grams per tonne and 13.1 grams per tonne silver**. Drilling at Ryuo in 2021 encountered high-grade vein intersections along an 800-metre open-ended strike zone, and further drilling was planned for 2022 to increase geological understanding of mineralization controls to identify continuous zones of high-grade mineralization.

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Table of significant drill intersections from the 2021 drilling at the Ryuo Prospect:

| 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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To add to interpretations of the largely concealed mineralization at Ryuo, a soil grid over the greater Ryuo prospect was completed in August 2021 which confirmed the nature of the mineralization and alteration footprint along the area of historical workings and identified additional areas of anomalism prompting a requirement to expand the soil grid.

In March 2022, drilling resumed at the Ryuo prospect to follow up on the very encouraging 2021 drilling. Seven drill holes were completed by June 2022, positioned to step out at approximate 50-metre intervals from high-grade mineralization encountered in the 2021 drill program and test continuity of mineralization along strike and to depth. Results from the 2022 drilling at Ryuo were announced on October 11, 2022, with the following significant intercepts:

Table of significant drill intersections from the 2022 drilling at the Ryuo Prospect:

| Drill Hole Number | From (m) | To (m) | Length (m) | Au (g/t) | Ag (g/t) | |
|-------------------|------------------------------|---------------|---------------|--------------|--------------|--------------|
| IKDD22-001 | 161.35 | 161.50 | 0.15 | 2.6 | 22.3 | |
| | 193.70 | 194.15 | 0.45 | 4.0 | 14.6 | |
| | <i>incl.</i> | 193.70 | 193.95 | 0.25 | 6.6 | 18.0 |
| | 360.80 | 361.15 | 0.35 | 1.2 | 1.3 | |
| | 390.00 | 390.25 | 0.25 | 4.2 | 10.0 | |
| IKDD22-002 | 164.50 | 164.60 | 0.10 | 4.3 | 2.4 | |
| | 233.65 | 233.80 | 0.15 | 13.1 | 8.4 | |
| | 280.95 | 281.35 | 0.40 | 19.0 | 15.7 | |
| | <i>incl.</i> | 280.95 | 281.15 | 0.20 | 34.6 | 25.0 |
| IKDD22-003 | 198.45 | 199.35 | 0.90 | 1.1 | 1.2 | |
| IKDD22-004 | No Significant Intersections | | | | | |
| IKDD22-005 | 276.00 | 276.75 | 0.75 | 22.50 | 41.30 | |
| IKDD22-006 | 253.55 | 253.90 | 0.35 | 2.10 | 6.10 | |
| | 309.20 | 309.40 | 0.20 | 1.50 | 1.40 | |
| IKDD22-007 | 245.45 | 245.65 | 0.20 | 4.60 | 7.40 | |
| | 266.80 | 267.90 | 1.10 | 2.90 | 11.70 | |
| | <i>incl.</i> | 266.95 | 267.60 | 0.65 | 4.50 | 14.70 |
| | <i>incl.</i> | 267.25 | 267.60 | 0.35 | 7.00 | 22.10 |
| | | 285.60 | 286.40 | 0.80 | 2.50 | 19.40 |
| | <i>incl.</i> | 286.00 | 286.25 | 0.25 | 4.40 | 24.10 |
| | | 288.40 | 288.80 | 0.40 | 12.80 | 35.30 |
| | <i>incl.</i> | 288.60 | 288.80 | 0.20 | 23.70 | 64.70 |

Drilling has indicated and untested open plunge extension to the northeast at the high-grade Jinja shoot area and highlighted the continuity of mineralization between the Shouei workings and the Taisei and Ryuei workings where IKDD22-007 ended in mineralization due to difficult drilling conditions and temporary expiration of the forestry permit. Two additional drill holes were completed at Ryuo in late 2022 to follow up on high-grade intercepts discussed herein. IKDD22-017, targeted continuity of mineralization below IKDD22-007 and to see if the high-grade interval in IKDD21-008 (0.45 metre grading 1,395 grams per tonne gold) coalesced into a mineralized structure at depth. Three significant fault zones including broken banded quartz vein fragments were intersected, the most significant mineralization occurred at a depth of 335.35 metres (0.2 metre @ 1.0 grams per tonne gold) which appears to correspond with the down-dip extension of the mineralized fault zone in the bottom hole IKDD22-007. Continuity of vein structures in this locality appears to have been affected by the interplay of at least three significant faults which post-date mineralization and appear to be reactivating or cutting the mineralized structures and dislocating vein mineralization.

Drill hole IKDD22-018 targeted the extension of the mineralized interval in IKDD22-005, (**0.75 m @ 22.5 grams per tonne gold**), 100 metres southwest along strike and approximately 100 metres higher in elevation. The target zone lay coincident with a strong resistivity anomaly detected from the CSAMT data inferred to potentially represent silicification related to a wider quartz vein zone. Drilling intersected flow-banded and porphyritic rhyolite to 150 metre down-hole with a 15-metre-wide fault zone juxtaposing fine-grained and strongly silicified sediments against the rhyolite to a depth of approximately 135 metre down-hole, the latter confirming the CSAMT resistivity anomaly. A mineralized vein within the silicified sediments reported the peak

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value within the drill hole of 0.5 metres at 1.8 grams per tonne gold with an included interval of 0.15 metres at 4.5 grams per tonne/ gold. As in IKDD22-017, post-mineral faulting appears to have affected the continuity of mineralization along the Shouei structure.

Important insights gained from the 20 drill holes completed at Ryuo to date include the identification of high-grade gold events across the prospect, wide high-grade mineralized vein structures, and the intimate relationship of certain rhyolite phases with mineralization. The down-plunge extension of the Jinja shoot along the rhyolite dome margin requires further drill testing and post-mineral faulting across the prospect will need be carefully examined and re-modelled to understand the potential off-set of vein-zone extensions for further targeting. CSAMT data detected the locally intense silicification seen in the sediments in IKDD22-018 and other areas, this is a positive outcome with respect to the use of CSAMT in mapping silicification associated with veining in other potential targets.

A second campaign of soil sampling was completed at Ryuo in 2022 expanding on the 2021 soil grid to cover a 4.5 by 3.5-kilometre grid area, it gave the following important insights:

The 1.2-kilometre-long mineralized corridor at Ryuo lies within a window of pre-mineral felsic volcanic rocks which host the Ryuo rhyolite and the known mineralization. These units are overlain by the slightly younger Yasakuni rhyolite and other post-mineral rhyolite and andesite lava and volcanic units. The Yasakuni rhyolite lava is inferred to have been deposited in the late-mineral or waning stages of the hydrothermal activity at Ryuo. From the latest soil grid, three new areas exhibiting anomalous pathfinder element plumes have been identified within the Yasakuni rhyolite along structural leakage zones, one occurring immediately northeast along strike of the Shouei vein, and a second and third anomalies occurring 1 and 2.5 kilometres respectively to the south. The pathfinder element signatures include gold, arsenic, antimony and mercury which are typical of low-sulphidation epithermal systems. The three new open-ended anomalous zones defined by the soil program at Ryuo are supported by geological mapping, gravity-inferred structure and lineament interpretation and may represent shallowly concealed mineralization below the late-mineral cover. The district scale structural trends along which the anomalies are hosted are parallel to known vein orientations within the region, including the 2.35-million-ounce Konomai vein field, located 20 kilometres to the north.

Ground checking of the Ryuo soil grid anomalies was completed in June and results from additional rock assays received in August. Of the three soil anomalies ground checked two appear to be associated with contamination from mine waste in forest road construction, with a third associated with a 200 m long N-S trending silicified ridge. From follow up rock sampling the silicified ridge exhibits localized chalcedonic quartz veins and elevated significant pathfinder anomalism. This silicified feature is associated with a flexure in a district scale structure and interpreted to represent leakage through the late-mineral rhyolite lava indicative of a shallowly concealed target. The silicified ridge target lies open off the grid and additional soil sampling is planned to expand the footprint of alteration and pathfinder leakage to further advance the prospect in 2024.

Upon completion of drill hole IKDD22-007 at Ryuo, drilling operations shifted to the east side of the Kitano-o prospect where three 700-metre-deep drill holes were completed. The initial three scout drill holes at east Kitano-o are targeted combined geochemical and geophysical anomalies below historic workings and adjacent to major graben and rhyolite dome structures proximal to the Cretaceous basement interface.

Drill hole IDDD22-008 located on the eastern edge of the Kitano-o mine workings, targeted a large CSAMT resistivity anomaly at depth within the Cretaceous metasedimentary basement. From a depth of approximately 420 metre down hole, the drill hole intersected silica and clay-altered rhyolite corresponding with the CSAMT anomaly, some narrow crystalline quartz veins were encountered adjacent to the rhyolite, but these did not carry any significant gold anomalism.

Drill hole IKDD22-015 drilled depth extensions of veins mapped in the historical workings with highly anomalous gold and pathfinder element geochemistry in rock float, mine dumps, and soils coincident with a vertical CSAMT defined resistivity anomaly. A gold and pathfinder element anomalous interval were recorded over a length of 7.2 metres with 0.33 grams per tonne gold in the upper portion of the drill hole adjacent to an altered rhyolite intrusion which corresponded with the CSAMT resistivity anomaly. The lack of significant mineralization in the drill hole further supports the conclusion that a deeper boiling zone gold source is de-coupled from the gold-enriched paleosurface. There is also a possibility that the vein system dips south, and it would be conceivable for IKDD22-15 to have missed the larger structure it was targeting. A north-oriented drill hole in this area is still warranted based on the new interpretations.

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Drill hole IKDD22-016 targeted a major northeast structure which controlled the emplacement of the Maruyama rhyolite dome located to the north of the Kitano-o mine workings. CSAMT mapped the structure along the SE edge of the dome, where soils exhibit anomalous gold, arsenic, and antimony. The drill hole cut the dome margin as mapped by the CSAMT, but the contact zone hosted no significant vein mineralization.

Three campaigns of soil sampling were completed over the Kitano-o Gold District between 2020 and 2022 covering a prospective 1,710-hectare area. A total of 1,597 composite soil samples were collected along a 7-kilometre-long section of a major deep-seated graben fault which bounds the east side of the district and localizes the majority of epithermal mineralization in the project. The abundance of gold at surface particularly at Kitano-o is believed to represent surficial out-flow or leakage from a deeper boiling zone source. The presence of both sinter material at Kitano-o and of numerous areas of steam-heated clay alteration represent the preserved paleosurface and support an interpretation for at least three fully preserved epithermal systems developed at depth within the district.

Drilling to date at the Kitano-o prospect has targeted depth extensions of surficial gold-rich eluvial-placer and sub-sinter veins which have not yielded a source for the significant amount of gold precipitated at the paleo-surface. With a more complete geochemical coverage, it is now interpreted that these gold-bearing paleo-surface expressions are de-coupled from structures hosting the boiling-zone vein systems developed at depth.

A careful screening of the soil geochemical data combined with other data sets was required to define deeper boiling-zone targets. Three new target areas have been defined based on their supporting multi-element pathfinder signatures which are up to 1.5 kilometres in strike length and remain open off the soil grid to the west. The two highest priority anomalous zones are located to the southwest of east Kitano-o mine workings and the northwest of the Ikutahara-Showa mines and lie along linear strike extensions of known veins sets mapped at surface. A third more subtle anomalous zone, in the northern part of the district, lies along the southern edge of a large rhyolite dome, and is further supported by fine-grained chalcedonic vein and sinter float trains.

The high-priority Kitano-o and Ikutahara-Showa multi-element anomalies defined by the soil grid are interpreted to represent de-coupled boiling zones that lie down-plunge from gold enriched paleo-surface leakage zones. The two anomalous zones show elevated gold supported by a pathfinder element suit typically associated with leakage along structures in the upper portions of low-sulphidation epithermal systems and include arsenic, antimony, selenium, thallium, and mercury. This pathfinder assemblage is also validated from the sampling of mineralized and altered surface rock and drill core from the Kitano-o prospect by the Company. Unusual is an addition of pathfinder elements more typically associated with alkaline gold systems, which include vanadium, bismuth, and weakly elevated tellurium.

Multi-element geochemical and alteration coverage from the soil survey, geological mapping, and prospect scale CSAMT and gravity surveys support the delineation of the new anomalous zones. These anomalous zones are aligned along northeast and east-southeast trending structures akin to the orientation of those which host the 2.35-million-ounce Konomai vein deposits located 25 kilometres to the northwest.

A 10 line km CSAMT survey was commenced over the Showa – Ikutahara prospects in late September to cover the areas of strong gold and pathfinder element in soil anomalies supported by high-grade gold in rock chip results. The CSAMT data will aim to define the geometry of clay and silica alteration zones associated with vein systems at depth. The data set is currently being reviewed and interpreted to advance drill targeting for 2024.

On December 14, 2022, the Company announced the completion of the drilling activities at the Saroma prospect, where six initial scout drill holes tested a 1-kilometre section of the Saroma vein. The 1.2-kilometre-long vein at Saroma is located at the northeast end of an open-ended 3.5-kilometre-long mineralized structure which includes the Saroma, Chitose and Taiho mine workings. The following intercepts were reported from drilling:

| Drill Hole Number | From (m) | To (m) | Length (m) | Au g/t | Ag g/t | Au Eq g/t | Structure |
|--------------------------|-----------------|---------------|-------------------|---------------|---------------|------------------|--------------------|
| IKDD22-09 | 31.7 | 32.05 | 0.35 | 0.5 | 14.6 | 0.7 | Hanging wall splay |
| | 55.65 | 59.75 | 4.1 | 0.7 | 124.8 | 2.2 | Saroma Main Vein |
| Incl. | 55.65 | 57.00 | 1.35 | 1.7 | 302.4 | 5.4 | Saroma Main Vein |
| | 56.25 | 57.00 | 0.75 | 2.7 | 425 | 7.9 | Saroma Main Vein |

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| IKDD22-10 | 41.65 | 42.0 | 0.35 | 0.2 | 7.37 | 0.3 | Hanging wall splay |
| | 98.75 | 100.35 | 1.6 | 1.2 | 56.5 | 1.9 | Saroma Main Vein |
| Incl. | 99.4 | 100.15 | 0.75 | 2.1 | 88.8 | 3.2 | Saroma Main Vein |
| | 104.75 | 107.85 | 3.1 | 0.4 | 475.7 | 6.2 | Saroma Main Vein |
| Incl. | 104.75 | 106.5 | 1.75 | 0.6 | 833.8 | 10.7 | Saroma Main Vein |
| | 105.5 | 106.5 | 1.0 | 0.6 | 1,128.8 | 14.3 | Saroma Main Vein |
| IKDD22-11 | 121.55 | 122.05 | 0.5 | 0.2 | 150.4 | 2.0 | Saroma Main Vein |
| Incl. | 121.8 | 122.05 | 0.25 | 0.3 | 234.0 | 3.1 | Saroma Main Vein |
| | 147.6 | 148.8 | 1.2 | 0.5 | 25.9 | 0.8 | Saroma footwall |
| IKDD22-12 | 88.9 | 89.3 | 0.4 | 2.4 | 37.9 | 2.9 | Saroma Main Vein |
| | 90.55 | 91.6 | 1.05 | 1.3 | 1,449.5 | 19.0 | Saroma Main Vein |
| Incl. | 90.8 | 91.2 | 0.4 | 3.2 | 3,570.0 | 46.7 | Saroma Main Vein |
| IKDD22-13 | 46.15 | 46.6 | 0.45 | 0.4 | 1.2 | 0.4 | Hanging wall splay |
| | 120.85 | 123.4 | 2.55 | 0.5 | 6.0 | 0.6 | Saroma Main Vein |
| Incl. | 123.1 | 123.4 | 0.3 | 1.0 | 2.1 | 1.1 | Saroma Main Vein |
| IKDD22-14 | 94.55 | 94.90 | 0.35 | 0.2 | 1.0 | 0.2 | Saroma Main Vein |
| | 143.85 | 144.30 | 0.45 | 0.2 | 4.0 | 0.2 | Saroma footwall |

Gold equivalent (AuEq) = (Ag g/t / 82.4) + Au g/t. This calculation was based on average of gold and silver prices for the month of November 2022.

The Saroma prospect comprises multiple veins within a large continuous structure, which were successfully intercepted in all six drill holes along a 1-kilometre strike length, and to a depth 130 metres below surface. Importantly, vein widths up to 8 meters (true width) have been intersected with high-grade silver, and gold mineralization. Quartz veining exhibits impressive chalcedony-rich low-sulphidation epithermal vein textures, indicating good preservation of the vein system and potential to depth and along strike.

Quartz veins at Saroma show a diverse range of low-sulphidation epithermal textures, brecciation and mineralogy suggesting a dynamic system with multiple fluid phases amenable to gold deposition. High-level chalcedony-rich vein textures are observed in the deepest holes IKDD22-10 and IKDD22-13 indicating that the current drill intercepts are within the mineralization window and further drill testing down dip is warranted. Vein textures and the geometry of higher-grade mineralization identified along the Saroma vein trend may be indicative of a southwest plunge to mineralization towards the Chitose and Taiho prospects 500 and 1,500 metres to the southwest. Reconnaissance mapping along the Saroma structure in 2016 by the Company found surface rock samples up to 10.85 grams per tonne gold and 136 grams per tonne silver. Recent detailed mapping has confirmed veining with broad silicification envelopes at Chitose and Taiho and banded chalcedony veins outcrops up to 5 metres wide at the latter.

The historical Jomon workings are located another 5 kilometres southwest of the Taiho workings on the inferred continuation of the Saroma structure. Information on mining here is limited but sampling of numerous quartz boulders in a small open pit report grades averaging 25 grams per tonne gold and 50 grams per tonne silver. In 1933, an underground crosscut was excavated to locate the source of the boulders, but the results are unknown.

To understand the vein hosting potential of the 9 km long Saroma-Jomon structural corridor reconnaissance mapping was completed along the structure to identify alteration footprints related to concealed vein systems below the inferred shallow volcanic basin fill. Mapping successfully identified areas of alteration and float material of high-level vein material and soil sampling of these areas was commenced. A total of 775 composite soil and 197 rock samples were sent to the lab during September and October and results are currently pending.

Ohra-Takamine Project

The Ohra-Takamine Project comprises 11 contiguous Prospecting Rights blocks (3,705 hectares) near the coastal town of Kagoshima 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 ounces gold). This 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 1980s have further enhanced the level of geological understanding of this property.

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During January-February 2020 work programs included extensive grid-based soil sampling with geological & alteration mapping, 35 kilometres of CSAMT geophysics Bouguer gravity data over an approximate area of 8 x 4 kilometres centered on the Urushi-Takamine-Ohra mine corridor. Geophysical data was processed and modelled with the combined data sets and an initial two drill hole program was completed in 2020 which provided encouragement for further drill testing. Results included the following intervals:

- Drill hole OTDD20-001, targeting the down dip extension of the Urushi Mine workings, intersected seven 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 metre wide (down-hole width) quartz vein from 227 metre down hole. A 0.35 metre wide portion of the vein returned 1.7 grams per tonne gold and 5.0 grams per tonne silver.
- Drill hole OTDD20-002, targeting beneath the Ohra Mine workings intersected numerous broad intervals of intense alteration and quartz veining from a downhole depth of 206 metres to the end of hole (584 metres). These zones range from 4 to 40 metres in downhole length.

An evaluation of all geological, geochemical and geophysical results was completed in early 2022 which generated a series of new drill targets between the Ohra and Takamine mine workings. Following the completion of ranking of targets at Ohra-Takamine an initial single drill hole was completed to a depth of 400.8 metres 150 metres along strike of the Ohra-mine workings targeting an extension to the Ohra mineralization. Drill core assays and insights gained from structure and vein host stratigraphy will form part of a new interpretation for future drill targeting at Ohra-Takamine.

The Company completed a review of the 23 projects not selected by Barrick for further work, but which exhibit strong exploration potential. Data sets for each project include historical data compilations, work completed by both the Company and by the Barrick Alliance, along with forward work program proposals for 2024. The Company's pioneering activities to restart the Gold Mining industry in Japan have created significant interest from the international mining community, including the involvement of Barrick. The Company continues to seek additional relationships to bring new concepts, exploration practices and foreign investment to Japan and advance the large Japan Gold project portfolio.

Barrick Alliance

On February 24, 2020, the Company announced an alliance with Barrick. Barrick sole funded a 30-month Initial Evaluation Phase on the majority of the Company project portfolio. Japan Gold acts 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 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.

On September 6, 2022, the Company announced that Barrick had selected six projects from the portfolio to continue within the Second Evaluation Phase (see detailed discussion of the Barrick Alliance below). In addition, Barrick will be continuing their Initial Evaluation Phase on two projects and three project extensions that were added to the Barrick Alliance following its

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formation. Barrick will continue to provide full support and management and sole fund all Barrick Alliance activities. To date, Barrick has funded a total of \$15,091,004 (US\$11,493,659). Barrick has not yet declared any project as a Designated Project.

Barrick's selection criteria require the potential to host either a Tier 1 or Tier 2 ore body to advance under the Barrick Alliance. Tier 1 ore bodies are defined by Barrick as having 5 million ounces or greater potential with annual production of at least 500,000 ounces of gold for 10 years and Tier 2 ore bodies are defined as having 3 million ounces or greater potential with annual production of 300,000 ounces of gold for ten years.

The following projects were chosen by Barrick following a comprehensive program of field and data review, completed by senior Barrick and the Company's personnel:

- Aibetsu, Tenryu, Hakuryu, Togi, Ebino and Mizobe, included in the Barrick Alliance at the time of its original formation, will advance to the program's Second Evaluation Phase.
- Buho Extension - Nakanosawa, Aibetsu East Extension, and Togi Extension were added to the Barrick Alliance following its formation and, as such, will continue under the Initial Evaluation Phase in accordance with the terms of the Alliance Agreement. All Initial Evaluation Phase terms end within one year.

Following the announcement of Barrick's selection of six Japan Gold projects in September 2022, work programs immediately commenced on priority targets in Kyushu and Hokkaido.

Mizobe Project

An Induced Polarization (IP) geophysical survey comprising 14.6-line kilometres was completed over the eastern part of the Mizobe Project in September 2022. IP surveying was carried out over a 2.5 by 2.5-kilometre area containing mineralized river-float and localized outcrops exhibiting strong alteration and gold and pathfinder element anomalism, significant portions of this target area are concealed by a veneer of younger volcanic ash and welded tuff. The IP survey was aimed at mapping subsurface chargeability and resistivity features potentially representing buried mineralization and surrounding alteration haloes.

From the interpretation of combined data sets an initial three framework drill holes were commenced in February 2023 targeting interpreted structural extensions below post-mineral volcanic ash on large step-outs between 600 to 1,000 metres from known surface mineralization and historical drilling data. Gold mineralization intersected includes both vein and breccia-hosted styles. The significant widths of mineralization intersected in drilling below post-mineral cover, and the broad footprint of gold and pathfinder mineralization identified in channel sampling at the surface indicates the potential of a significant gold-bearing hydrothermal system at Mizobe. Next steps at Mizobe will include four additional step-out drill holes to extend and define the geometry of the wide mineralized intervals, which are planned for November 2023 at Mizobe.

Mizobe significant drill hole intersections

| Drill Number | Hole | From (m) | To (m) | Length (m) | Au (g/t) | Ag (g/t) |
|--------------|------|---------------|---------------|--------------|------------|-------------|
| MZDD23-001 | | 345.00 | 347.00 | 2.00 | 0.9 | 5.5 |
| <i>incl.</i> | | 345.00 | 346.00 | 1.00 | 1.1 | 2.9 |
| MZDD23-002 | | 126.70 | 132.80 | 6.10 | 1.4 | 7.5 |
| <i>incl.</i> | | 126.70 | 129.30 | 2.60 | 2.2 | 10.6 |
| MZDD23-003 | | 58.00 | 76.75 | 18.75 | 0.6 | 4.1 |
| <i>incl.</i> | | 61.00 | 64.00 | 3.00 | 1.0 | 7.4 |
| | | 81.75 | 94.75 | 13.00 | 0.7 | 3.2 |
| <i>incl.</i> | | 81.75 | 86.75 | 5.00 | 1.0 | 4.5 |
| | | 122.75 | 138.75 | 16.00 | 2.8 | 4.5 |
| <i>incl.</i> | | 122.75 | 132.75 | 10.00 | 4.3 | 6.6 |
| <i>incl.</i> | | 124.75 | 128.75 | 4.00 | 6.2 | 10.2 |
| | | 176.95 | 191.00 | 14.05 | 1.0 | 4.8 |
| <i>incl.</i> | | 179.00 | 186.75 | 7.75 | 1.2 | 3.3 |

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The Mizobe Project is located in the Hokusatsu Region of Southern Kyushu in a similar geological setting to Sumitomo Metal Mining's Hishikari gold mine, located 23 kilometres to the north.

Ebino Project

Induced Polarization surveying was completed in November 2022 at the Otsuka prospect within Ebino Project, located 12 kilometres north of the Hishikari mine. A total of 9.4-line kilometres were completed along a 4-kilometre-long alteration zone which overlies well-defined gravity anomalies. Gravity anomalies are a key feature associated with epithermal vein deposits in the Hokusatsu Region. Geological mapping was completed over the Otsuka prospect in December 2022, and the combined data sets for the Otsuka project have been interpreted with target models generated. A decision to drill this prospect is currently pending budget allocation in 2024.

Aibetsu Project

The Aibetsu Project encompasses five historical gold-silver and mercury mines and/or mineral occurrences on the western side of the project, and large areas of alteration within the central and eastern parts of the project. 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 metres deep for a total of 3,400 metres targeted mainly on Tokusei mine extensions. The most significant result was from drill hole 13MAHB-2 which reported an intersection of 1.4 metres at 69 grams per tonne gold and 263 grams per tonne silver from a quartz vein intersected approximately 340 metres below surface.

In the second and third quarters of 2017, semi-detailed geologic mapping and geochemical sampling of historical mine workings, ridges, streams and roads was undertaken over the Tokusei and historical workings located on the west side of the project. Infill and extensions of the MMAJ soil sampling program over a 5 x 4 kilometre grid area was also completed. Results confirmed the presence of high-grade gold mineralization within and around the historic Tokusei mine workings and emphasized the significant potential for extensions to the epithermal vein system at the Tokusei mine. Subsequent spectral alteration studies of sample duplicates confirmed these findings.

In the third and fourth quarter of 2022, the Alliance completed detailed mapping and outcrop sampling to define the source of highly elevated gold and pathfinder element anomalies identified from Initial Phase BLEG sampling over a contiguous 5 by 5-kilometre zone within the eastern side of the project. Mapping has defined two extensive clay alteration zones with associated quartz vein mineralization.

In June 2023, road repairs and line clearing preparations commenced for a 29-line kilometre CSAMT grid covering a 6 by 3.5 kilometres area across the eastern side of the project, a major undertaking given the remote and rugged mountainous terrain. By mid-September 4 lines for a total of 16.3 line km of CSAMT had been completed, mapping and soil sampling had also been completed along 6 of the planned 7 line grid. The terrain at Aibetsu comprised the most rugged, remote and difficult to access of any of the Company's projects with elevations up to 1,200 m.

The combined data set has defined a 3 by 8 km NE oriented structural corridor with anomalous pathfinder elements, alteration and local quartz veining. The most promising target is located in the NE ridge area and a drill target has been proposed for further consideration.

Hakuryu Project

Detailed mapping and outcrop sampling was completed over the Yakiyama prospect located within the Hakuryu Project in early November 2022. The Hakuryu Project covers the southern half of the Konomai vein field which produced 2.35 M ounces of gold between 1915 and 1973. A combination of coherent BLEG gold and pathfinder element anomalies shedding from high elevations and well-preserved volcanic stratigraphy is the target of investigation for concealed extensions to the Konomai vein field. Mapping has confirmed extensive alteration and localized quartz veining. A positive interpretation of results from the mapping program has confirmed a target area for follow-up by geophysical surveying. In preparation for geophysics, 21-line kilometres of survey lines were cleared in April and May 2023 across the prospective southwest extension of the Konomai vein corridor. Mapping of the eastern side of the Hakuryu project commenced in early November 2023 to confirm continuity, texture, structure, and location of workings. A planned CSAMT survey has been targeted for early 2024.

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Togi Project

The Togi Project located on the Noto Peninsula of western Honshu comprises 184.7 square kilometres covering the northern flank of a regional graben structure. Gold mineralization was discovered in the Togi area in 1896 and historic records from the Togi Goldfield report seven separate areas of workings along a 7-kilometre trend which produced a combined 48,000 ounces of gold and 180,000 ounces of silver between 1910 and 1921. The Barrick Alliance have completed BLEG and preliminary rock sampling across the Togi Project defining a continuous northeast-trending, 9-kilometre-long corridor of gold anomalous drainages within the Togi Project expanding the footprint of the known mineralized system. Two additional gold and pathfinder element anomalies were also defined by the BLEG survey across the project area. Detailed mapping completed in April has provided a positive indication of a concealed strike extension to the Togi mineralized structure. A CSAMT program was proposed to further define concealed targets along a 4 km anomalous basin bounding fault and the CSAMT was advanced and planned to commence in November this year.

SUMMARY OF QUARTERLY RESULTS

| | September 30, 2023 | June 30, 2023 | March 31, 2023 | December 31, 2022 |
|----------------------------------|-----------------------|------------------|-------------------|----------------------|
| Total assets | \$28,784,272 | \$29,880,574 | \$27,213,745 | \$28,477,234 |
| Working capital | 3,101,908 | 4,539,420 | 101,349 | 1,530,739 |
| Net loss | (679,350) | (818,399) | (1,005,437) | (932,061) |
| Basic and diluted loss per share | (0.00) | (0.00) | (0.01) | (0.00) |

| | September 30, 2022 | June 30, 2022 | March 31, 2022 | December 31, 2021 |
|----------------------------------|-----------------------|------------------|-------------------|----------------------|
| Total assets | \$27,188,892 | \$28,827,823 | \$31,556,303 | \$32,371,554 |
| Working capital | 4,254,416 | 7,212,067 | 9,648,922 | 11,689,692 |
| Net loss | (789,807) | (1,148,890) | (1,071,656) | (1,038,046) |
| Basic and diluted loss per share | (0.00) | (0.01) | (0.01) | (0.01) |

Total assets increased from \$27,188,892 at September 30, 2022, to \$28,784,272 in September 30, 2023. This is attributed to an increase in cash from the equity financing that closed in the second quarter of 2023. The Company continues to explore and capitalize exploration and evaluation expenditures related to the Company's exploration and drilling programs. As at September 30, 2023, the Company has capitalized a total of \$24,374,441 in exploration and evaluation assets.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023

During the three-month period ended September 30, 2023, the Company incurred a net loss of \$679,350 compared to a net loss of \$789,807 for the three-month period ended September 30, 2022. Significant changes occurred in the following categories:

- The Company recorded lower share-based compensation of \$11,240 related to stock options granted in this period (September 30, 2022 – \$86,230).
- The Company recognized higher professional fees of \$101,279 (September 30, 2022 - \$67,260) due to an increase in activities related to the projects returned from the Barrick Alliance.
- The Company recognized higher project evaluation costs of \$129,101 (September 30, 2022 - \$110,225). Project evaluation costs relate to the general exploration and generative project work performed on the Company's projects that are not capitalized and the increase is due to the activities relating to the projects returned from the Barrick Alliance.

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RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

During the nine-month period ended September 30, 2023, the Company had a net loss of \$2,503,186 compared to a loss of \$3,010,353 for the nine-month period ended September 30, 2022. Significant changes occurred in the following categories:

- The Company recorded share-based compensation of \$17,260 related to stock options granted in this period and for the remaining stock options granted during the fourth quarter of 2021 (September 30, 2022 - \$712,116).
- The Company recorded higher filing and regulatory fees of \$69,833 due to the equity financing that closed during the period ended September 30, 2023 (September 30, 2022 – \$34,818).
- The Company incurred occupancy and office costs of \$244,502 during the nine-month period ended September 30, 2023 (September 30, 2022 – \$237,532). Out of this amount, \$142,217 was paid for rent and office costs relating to head office and the remaining \$102,285 related to rent and office costs in Japan during the nine-month period.
- The Company recognized higher professional fees of \$329,687 (September 30, 2022 - \$171,132) due to an increase in activities related to the projects returned from the Barrick Alliance.
- The Company recorded increased travel expenses of \$113,112 during the nine-month period ended September 30, 2023 (September 30, 2022 - \$66,376). Travel costs during the prior period were lower in the prior period as the outbreak of COVID-19 significantly limited international travel into Japan.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents as at September 30, 2023, were \$3,401,108 which was an increase from \$2,139,425 as at December 31, 2022. As at September 30, 2023, the Company has a working capital of \$3,101,908 compared to a working capital of \$1,530,739 as at December 31, 2022.

Net cash used in operating activities for the period ended September 30, 2023, was \$2,783,986 compared to net cash used of \$1,779,074 during the period ended September 30, 2022. The cash used in operating activities reflected the Company's efforts in continuing to build its project portfolio through rising costs during the period as well as general and administrative expenses.

Net cash used in investing activities during the period ended September 30, 2023, was \$1,811,474 (September 30, 2022: \$5,207,182). This was mainly due to the 2023 exploration and drilling programs incurred to advance the Company's key projects in Ikutahara and Ohra-Takamine while evaluating other projects within the portfolio.

Net cash from financing activities during the period ended September 30, 2023, was \$6,013,836 due to the close of private placements and the exercise of options (September 30, 2022: \$22,493 cash used in financing activities for lease payments).

As at September 30, 2023, the Company has not generated any revenues or cash flows from operations to date. For the period ended September 30, 2023, the Company recorded a net loss of \$2,503,186 (September 30, 2022: \$3,010,353) and accumulated losses of \$33,278,317 (December 31, 2022: \$30,775,131) since inception, all of which indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These condensed consolidated interim 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 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 through various alternatives. 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.

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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:

| | Three month period ended | | Three month period ended | | Nine month period ended | | Nine month period ended | |
|--------------------------|--------------------------|--------|--------------------------|---------|-------------------------|---------|-------------------------|---------|
| | September 30, 2023 | | September 30, 2022 | | September 30, 2023 | | September 30, 2022 | |
| Management fees | \$ | 98,000 | \$ | 167,000 | \$ | 464,000 | \$ | 524,000 |
| Consulting fees | | 20,768 | | 59,914 | | 65,806 | | 172,536 |
| Director fees | | 42,145 | | 38,633 | | 119,510 | | 115,899 |
| Project evaluation | | 39,088 | | 39,594 | | 137,843 | | 120,936 |
| Share-based compensation | | 11,240 | | 86,320 | | 17,260 | | 712,116 |

During the nine-month period ended September 30, 2023, the Company incurred \$464,000 (September 30, 2022: \$524,000) 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 \$57,700 in occupancy costs during the period ended September 30, 2023 (September 30, 2022: \$52,965).

The Company incurred \$137,843 in consulting fees for project evaluation to Andrew Rowe, an officer of the Company during the period ended September 30, 2023 (September 30, 2022: \$120,936). As at September 30, 2023, \$9,050 (December 31, 2022: \$15,087) of these fees were outstanding and payable to the officer.

The Company paid \$65,806 in consulting fees (September 30, 2022: \$172,536) to Takashi Kuriyama, the General Manager of Exploration of the Company. As at September 30, 2023, \$Nil (December 31, 2022: \$7,823) of these fees were outstanding and payable.

Other related party transactions

During the period ended September 30, 2023, Southern Arc, a company with common directors and management, charged the Company \$10,843 in office expenses (September 30, 2022: \$18,687). As at September 30, 2023, \$Nil (December 31, 2022: \$6,469) of these fees were included in accounts payable and accrued liabilities.

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

CURRENT SHARE DATA

As at the date of this MD&A, the Company had 256,515,479 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 | 0.55 |
| 3,074,950 | 0.40 | September 15, 2026 | 2.83 |
| 275,000 | 0.40 | October 28, 2026 | 2.95 |
| 1,400,050 | 0.16 | December 13, 2028 | 5.08 |
| 4,330,000 | 0.20 | January 24, 2029 | 5.19 |
| 4,215,000 | 0.30 | May 13, 2030 | 6.49 |
| 6,290,000 | 0.35 | December 23, 2026 | 3.10 |
| 200,000 | 0.20 | July 4, 2028 | 4.64 |
| 19,905,000 \$ | 0.30 | | 4.37 |

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

| Outstanding | Weighted average exercise price | Expiry date | Weighted average remaining life (years) |
|--------------------|--|--------------------|--|
| 1,925,000 \$ | 0.20 | May 9, 2024 | 0.48 |
| 22,500 | 0.20 | May 26, 2024 | 0.53 |
| 1,947,500 \$ | 0.20 | | 0.48 |

RISKS AND UNCERTAINTIES

The Company’s business could be significantly adversely affected by certain external risks that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect the Company’s products and likely impact operating results. In particular, the outbreak of contagious diseases had a negative impact on global financial conditions. To date, there has been significant stock market volatility and significant volatility in foreign exchange markets. These factors may impact the Company’s ability to obtain financing or third parties’ ability to meet their obligations with the Company.

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. The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

Credit risk - Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, restricted cash, deposits and accounts receivable. The Company limits its credit exposure on cash and cash equivalents and restricted cash by holding its deposits mainly with high credit quality financial institutions as determined by credit agencies. The carrying value of these financial assets represents the maximum exposure to credit risk.

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company is currently exposed to interest rate risk to the extent that the cash and short-term investment maintained at the financial institutions are subject to a floating rate of interest. The interest rate risk on the Company’s cash and short-term investment is not significant.

The Company operates in Japan and is subject to foreign currency fluctuations primarily on its cash and accounts payable and accrued liabilities denominated in a currency other than Japanese yen (“Yen or ¥”). As at September 30, 2023, this exposure is minimal. Additionally, the Company is exposed to foreign exchange risk on non-Canadian denominated monetary assets and liabilities recorded in Japan Gold. As at September 30, 2023, every 1% of change in foreign exchange rate in either direction would result in change in net loss of approximately \$3,190.

Fair value

IFRS requires disclosure about fair value measurements for financial instruments and liquidity risk using a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three-level hierarchy is as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

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The carrying values of the Company's cash and cash equivalents, restricted cash, accounts receivables, deposits and accounts payable and accrued liabilities approximate their fair values due to their short terms to maturity.

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 operates under the Mining Act (established in 1950) as amended in 2011 (implemented in 2012). Under the Mining Act, the Company has applied for prospecting rights which once granted, are valid for a maximum of 6 years. When prospecting rights applications are made and accepted for filing by the Ministry of Economy, Trade and Industry (METI) but prior to granting (the reservation period), the applicant has the exclusive opportunity to do early-stage exploration work including mapping, geology, geochemistry and geophysics but not trenching or drilling. There is no fixed timetable for the reservation period. Once granted, the prospecting rights may be converted to digging rights (mining rights). If not converted or in the process of being converted, prospecting rights will expire at the end of a 6-year period. There is no guarantee that the Company will be able to satisfy the requirements to convert its prospecting rights to digging rights within the defined 6-year time frame. The Company may reapply for expired prospecting rights on the same basis as new applicants but would not have any priority when doing so. Prospecting rights applications are processed on a "first to file" basis unless applications are submitted by multiple parties at the same time in which case applications will be subject to a lottery. The Company retains priority over new third-party prospecting rights applicants by submitting applications to convert its existing prospecting rights to digging rights prior to the expiry of the granted prospecting rights. This priority right remains in place until the digging rights are granted, or the application is rejected. The Company's project portfolio currently has 970 prospecting right applications accepted by METI. Of the 970 prospecting rights applications, 180 prospecting rights have been granted, in several batches, on 11 projects, enabling advanced exploration including drilling. The currently granted prospecting rights expire from 2023 through 2028. The Company work programs and budgets are designed to advance exploration on prospecting rights to prepare for potential conversion to digging rights.

Overall, 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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Geopolitical risk

The Company recognizes the inherent uncertainties associated with geopolitical risks. Events such as trade disputes, changes in government policies, and regional conflicts may adversely impact various sectors of the economy, including but not limited to, financials, energy, metals and mining. These risks may result in disruptions to supply chains, fluctuations in currency exchange rates, and changes in demand for the Company's products and operations. As a result, the Company's business, financial condition, and results of operations may be negatively affected by economic and other consequences from geopolitical developments.

Climate change risk

The Company acknowledges the importance of addressing climate change risks. Environmental concerns, regulatory changes, and shifting consumer preferences toward sustainability could impact the Company's operations and business. Physical climate change risks such as extreme weather events and transition risks related to regulatory shifts and market preferences are considerations. The Company is committed to evaluating and managing our environmental footprint, pursuing sustainable practices, exploring innovative technologies to minimize environmental impact and staying informed about evolving climate-related regulations.

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, 2022. 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 the 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. The 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 and evaluation expenditure and impairment indicator evaluation 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.

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For the periods ended September 30, 2023 and December 31, 2022, there were no indicators of impairment identified with respect to the Company's exploration and evaluation assets.

- 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. See note 1.

- ii) Recoverability of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets and expenditures requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

At the end of each reporting period, the Company assesses its exploration and evaluation assets to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditure on further exploration and evaluation of exploration projects are budgeted and results of exploration and evaluation activities on the exploration and evaluation assets.

- iii) The determination of the functional currency of the Company and of its subsidiary requires significant judgment of the primary economic environment in which the Company and its 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.

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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.

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.