



MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

(Unaudited - expressed in Canadian dollars)

JAPAN GOLD CORP.
Management’s Discussion and Analysis
For nine months ended September 30, 2018 and 2017

This Management’s Discussion and Analysis (“MD&A”), prepared as of November 26, 2018, should be read in conjunction with the condensed consolidated interim financial statements of Japan Gold Corp. (“Japan Gold” or the “Company”) for the nine months ended September 30, 2018, 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.

COMPANY OVERVIEW

Japan Gold Corp. (“Japan Gold” or “the Company”) was incorporated under the laws of British Columbia.

On September 15, 2016, the Company changed its name to Japan Gold from Sky Ridge Resources Ltd. (“Sky Ridge”) upon completing a transaction (the “Acquisition”) in which the Company issued shares to shareholders of Southern Arc Minerals Japan KK (“SAMJ”) to acquire all of SAMJ’s issued and outstanding shares. This resulted in SAMJ becoming a wholly-owned subsidiary of Japan Gold. Following the completion of the Acquisition, the Company became the Resulting Issuer and continued trading on the TSX Venture Exchange (“TSX-V”) under the symbol “JG” and the OTC Markets (“OTCQB”) under the symbol “JGLDF”. In connection with the Acquisition, the Company also completed a financing for gross proceeds of \$7,000,000 for 17,500,000 common shares at a price of \$0.40 per share. The Company also issued 500,000 shares in finders’ fee and granted 4,724,950 share options to directors, officers and consultants of the Company exercisable at \$0.40 with a ten year expiry.

On August 9, 2017, the Company completed a financing with Southern Arc Minerals Inc. (“Southern Arc”), pursuant to which Southern Arc purchased 12,500,000 units of Japan Gold at a price of \$0.40 per unit for gross proceeds of \$5,000,000. Each unit consists of one common share and one transferable common share purchase warrant of the Company. Each warrant is exercisable into one additional common share of the Company at a price of \$0.40 per share for a period of 5 years. The units (and securities underlying the units) issued under the private placement will be subject to a four month hold period expiring on December 9, 2017.

On October 23, 2018, the Company entered into a binding letter agreement (“Letter Agreement”) with First Quantum Minerals Ltd. (“FQML”) to explore four of its prospective lithocap projects (collectively the “Lithocap Projects” and each a “Project”) located on the islands of Hokkaido, Honshu and Kyushu, Japan. The Lithocap Projects represent exploration targets for shallow-level epithermal gold and deeper porphyry copper-gold deposits. Pursuant to the Letter Agreement, FQML has committed to manage and oversee a systematic surface exploration reconnaissance on each Project prior to June 30, 2019.

Upon completion of the initial exploration program, FQML will have the option to enter into a formal earn-in agreement (“Option Agreement”) on any Project individually, to which FQML may earn-in to 51% of a Project by completing a minimum of US\$5 million in total exploration expenditures prior to June 30, 2022. For any Project that FQML options, it will endeavor to maintain minimum average annual expenditures of US\$1 million per year during the initial earn-in period. Upon earning a 51% interest in a Project, FQML would have the right to earn an additional 29% interest in a Project by solely funding the Project until FQML makes a “Decision to Mine”, increasing FQML’s ownership in a Project to 80%.

The Company is also in the process of evaluating and exploring its extensive property portfolio in Japan and is aggressively pursuing permitting for drilling at high priority prospects in 2019.

FINANCIAL SNAPSHOT

	September 30, 2018	December 31, 2017
Total assets	\$ 5,132,088	\$ 7,311,988
Working capital (deficiency)	(550,178)	2,912,568
Comprehensive loss	(2,438,190)	(3,833,076)

At the date of this MD&A, the Company has a working capital deficiency of approximately \$900,000.

JAPAN GOLD CORP.
Management's Discussion and Analysis
For nine months ended September 30, 2018 and 2017

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, 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 mineralised environment. These initial prospecting rights applications totaled 27,153 hectares over the eight separate projects.

Since September 2016, Japan Gold has expanded its project portfolio which now comprises of 68 Prospecting Rights and 216 prospecting rights applications accepted for a combined area of 71,529 hectares over 17 separate projects. Twelve of the projects, in Hokkaido and Kyushu, cover areas with known gold occurrences and a history of mining, and are prospective for high-grade epithermal gold mineralization. Four of the projects, in southern Hokkaido and northern Honshu, cover areas of known gold occurrences and gold-bearing lithocaps, which could indicate the presence of porphyry mineralization.

Having prospecting rights applications accepted by the 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.

To date, the Company holds the following Prospecting Rights:

- 38 Prospecting Rights have been granted at the Ikutahara Project (19,114 hectares)
- 5 Prospecting Rights at the Ohra-Takamine Project (1,681 hectares)
- 9 Prospecting Rights at the Eboshi Project (3,080 hectares)
- 4 Prospecting Rights at the Tobaru Project (1,347 hectares)
- 12 Prospecting Rights at the Kamitsue Project (4,069 hectares)

Ikutahara Project

The 19,114 hectare Ikutahara Project 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.

On February 9, 2017, the Company announced the completion of a regional exploration program at the Ikutahara Project. Six geologists and support teams undertook a nine-week field program from October to December 2016, completing prospecting, geological mapping, collecting stream sediment and BLEG drainage samples and rock float and outcrop sampling over the majority of the Ikutahara Project. The Company also completed 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.

On March 3, 2017, the Company expanded the Ikutahara Project area from 38 to 56 accepted prospecting rights applications. The new prospecting rights applications are located immediately south of the high-grade Ryuo prospect and west of the Kitano-o mine area. One historic gold occurrence is located within the new applications and the area is underlain by the same Miocene-Pliocene geology as the rest of the Ikutahara Project. These same geological structures host the high-grade Ryuo prospect and continue into this new block. Geological structures that host the high-grade Ryuo prospect continue southwest into this new area. The Company also announced results from its regional exploration program at the Ikutahara Project which covered the majority of the initial 38 prospecting rights applications.

Japan Gold performed drainage geochemical survey and prospecting, which focused on streams surrounding the known historic gold workings within the project area. The aims were to determine the levels of gold dispersion and multi-element fingerprints in stream sediments associated with each of the prospects to highlight potential for mineralized extensions and new resources along the strike projections of these potential gold bearing vein systems.

JAPAN GOLD CORP.
Management's Discussion and Analysis
For nine months ended September 30, 2018 and 2017

The first-pass regional stream sampling program at the Ikutahara Project involved the collection of 118 BLEG samples for gold analysis paired with 118 fine fraction samples for gold and multi-element analysis. Extensive gold, arsenic, antimony and mercury 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 support the gold, arsenic, antimony and mercury anomalies returned from stream sediments. A total of 294 surface rock samples were collected for gold and multi-element analysis. These samples are of a reconnaissance nature and are selected grab chips taken from creek float, mine dumps and occasional outcrops of vein material, silica sinter, hydrothermal breccia and altered host rock.

The Company has located several priority exploration targets at the Ikutahara Project. Results from the regional exploration program are being used to plan and focus ongoing exploration work at the Ikutahara Project, including detailed prospect mapping, surface geochemical surveys, and drilling on priority targets.

On May 18, 2017, the Company announced that 23 of the 56 accepted prospecting rights applications were granted as Prospecting Rights. The Prospecting Rights cover the Akebono prospect and Japan Gold's first drill program will commence at Akebono immediately upon receipt of the requisite drilling permit. The remaining 33 accepted prospecting rights applications are under further review.

On June 1, 2017, Japan Gold announced that the Company had concluded an agreement with Sumiko Resources Exploration & Development Co., Ltd., (SRED) to manage and operate its drilling programs in Japan. To support this contract, Japan Gold agreed to purchase three diamond core drill rigs that will be operated by SRED. Acquisition of the two PMC400 drill rigs and one PMC700 drill rig will give the Company independence and flexibility on the timing and execution of its drill programs.

On August 14, 2017, Japan Gold announced that the Company's three compact portable diamond core drill rigs had arrived at Japan Gold's base of operations in Ikutahara.

On May 31, 2017, the Company announced that it has expanded its portfolio in Japan with extensions to the Aibetsu Project. The Aibetsu Project now comprises 22 accepted prospecting rights applications for a total of 7,034.5 hectares, covering five historic epithermal gold/silver and mercury mines. The Company also announced that it has commenced its 2017 regional work program at the Aibetsu Project. The Company plans to infill and extend southwards, from previous MMAJ mapping and soil geochemical sampling completed over the Tokusei mine area, to define new drill targets. Surveying and clearing of grid-lines to allow access for mapping and soil sampling over an approximate 5 km by 4 km area commenced in mid-May 2017, soil sampling is expected to commence in mid-June 2017. Mapping conducted along some recently cut grid lines has confirmed the presence of silica capping and sinter outcrops on Mt Maruyama above the Tokusei veins, indicating that limited erosion has occurred and that the vein systems are therefore well preserved.

On November 28, 2017, the Company announced that it has been granted a drilling permit for the Akebono prospect at the Company's Ikutahara Project in Hokkaido, Japan and the drilling program has commenced. The initial program, of up to six holes totalling up to 1000 metres of diamond drilling, will aim to confirm and extend historic high-grade underground sampling to define the potential for high-grade shoots in the Akebono vein system. The drilling program is expected to continue into late December 2017 with results anticipated in February 2018.

On February 5, 2018, Japan Gold reported results from its first scout drill holes completed in late December 2017, on the Akebono prospect at its Ikutahara Project. The scout program at Akebono planned up to six drill holes totaling 1,000 m, however abnormally severe winter conditions in Hokkaido at the end of December meant the program was suspended after 3 drill holes totaling 333.6 m. 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. Complete results can be found in the press release dated February 5, 2018. 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.

On February 28, 2018, Japan Gold reported encouraging results from its 2017 exploration program at the Aibetsu Epithermal Gold-Silver Project. The 2017 exploration program at the Aibetsu Project included rock chip sampling, detailed mapping and a soil grid geochemical survey over three historic gold-silver and mercury mines within its 7,035 hectare project. Results confirm the presence of high-grade gold mineralization within and around the historic Tokusei mine workings and emphasize

JAPAN GOLD CORP.
Management's Discussion and Analysis
For nine months ended September 30, 2018 and 2017

significant potential for extensions to the epithermal vein system at the Tokusei mine. Complete results can be found in the press release dated February 28, 2018.

On May 7, 2018, Japan Gold announced the results of surface prospecting and mapping over the historic Kitano-o Gold District at the Ikutahara Project. Results highlight the presence of high-grade gold mineralization in grab samples taken from historic mine dumps and workings. The Kitano-o Gold District includes the historic Kitano-o, Ikutahara, Showa mines and the Sakinzawa workings. Japan Gold work in the district has focused on geological and alteration mapping and geochemical sampling to develop an understanding of the controls on epithermal gold-vein mineralization. The company has designed an aggressive scout drilling program to test these targets in the 2018 field season.

On September 12, 2018, the Company announced that its five prospecting rights applications over the Ohra-Takamine Project in the Southern Kyushu Epithermal Gold Province, Japan have been granted as full Prospecting Rights by METI. The Ohra-Takamine Project totals 1,681 hectares covering historical gold-silver mines in the highly gold endowed Hokusatsu-Kushikino mining district, in the Southern Kyushu Epithermal Gold Province.

On October 2, 2018, the Company announced that four of its prospecting rights applications over the Tobaru Project in the Southern Kyushu Epithermal Gold Province, Japan have been converted to Prospecting Rights by METI. The Tobaru Project totals 1,347 hectares covering a large alteration zone adjacent and along strike to the Fuke epithermal gold mine in the highly gold endowed Hokusatsu-Kushikino mining district, in the Southern Kyushu Epithermal Gold Province.

On October 24, 2018, the Company announced that six additional prospecting rights applications at the Ohra-Takamine Project in the Southern Kyushu Epithermal Gold Province, Japan have been accepted by METI. The six new applications total 2,024 hectares and add to the existing area of granted prospecting rights (1,681 hectares) at the Ohra-Takamine Project.

On November 6, 2018, the Company announced that a further fifteen applications have been converted to Prospecting Rights at its Ikutahara Project. The new Prospecting Rights cover high priority targets in the Kitano-o gold district and the Ryuo mine areas and allow for drill testing to commence in the 2019 season. Out of the 56 prospecting rights license applications over the Ikutahara Project, 38 have not been converted to Prospecting Rights by METI.

On November 7, 2018, the Company announced that its twelve prospecting rights applications over the Kamitsue Project on the island of Kyushu, Japan have been converted to Prospecting Rights by METI. The Kamitsue project is included in the binding letter agreement with FQML to explore the Company's prospective lithocap projects. The Company and FQML are currently on the ground at Kamitsue undertaking geological mapping and sampling as part of this joint initiative.

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 easy 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 to date.

JAPAN GOLD CORP.
Management's Discussion and Analysis
For nine months ended September 30, 2018 and 2017

SUMMARY OF QUARTERLY RESULTS

	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Total assets	\$ 5,132,088	\$ 5,646,182	\$ 6,760,698	\$ 7,311,988
Working capital (deficiency)	(550,178)	438,168	1,982,652	2,912,568
Net loss	(883,893)	(750,998)	(960,334)	(1,280,065)
Basic and diluted loss per share	(0.01)	(0.02)	(0.01)	(0.01)

	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Total assets	\$8,853,784	\$3,816,738	\$4,931,798	\$ 5,559,592
Working capital (deficiency)	4,905,074	3,270,802	4,652,330	5,343,655
Net loss	(1,028,692)	(1,147,404)	(792,103)	(865,613)
Basic and diluted loss per share	(0.02)	(0.02)	(0.01)	(0.24)

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Total assets decreased from \$8,853,784 as at September 30, 2017 to \$5,132,088 as at September 30, 2018. This decrease is attributed to short-term investments being spent on operating activities. The Company has also capitalized \$4,221,704 in exploration and evaluation assets as at September 30, 2018.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018

During the three-month period ended September 30, 2018, the Company had a net loss of \$883,893 compared to a loss of \$988,389 for the three-month period ended September 30, 2017. Fluctuations occurred in the following categories:

- a) Consulting fees in the current quarter were \$184,098 compared to \$397,974 incurred during the three months ended September 30, 2017. This amount is lower compared to the previous quarter due to a decrease in non-exploration consulting activities the end of this quarter.
- b) The Company incurred general and administrative costs of \$102,813 during the three-month period ended September 30, 2018 (September 30, 2017 – \$135,660). Out of this amount, \$14,337 relates to amounts paid for license applications, \$49,510 was paid for rent and the remaining \$38,966 related to an increase in office costs incurred in Japan and head office during the quarter.
- c) Investor relations and marketing fees in the current quarter totalled \$29,387 compared to \$44,495 during the three months ended September 30, 2018. This amount is lower due to the decreased in marketing activities in the current period.
- d) The Company incurred \$148,067 in professional fees during the three-month period ended September 30, 2018 compared to \$10,541 in September 30, 2017. This increase is due to higher fees incurred in connection with the higher level of accounting services needed by SAMJ.

JAPAN GOLD CORP.
Management's Discussion and Analysis
For nine months ended September 30, 2018 and 2017

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

During the nine-month period ended September 30, 2018, the Company had a net loss of \$2,595,225 compared to a loss of \$2,997,588 for the nine-month period ended September 30, 2017. Fluctuations occurred in the following categories:

- a) Consulting fees in the current quarter were \$1,045,894 compared to \$1,473,664 incurred during the nine months ended September 30, 2017. This amount is lower compared to the previous quarter due to a decrease in non-exploration consulting activities the end of this period.
- b) The Company incurred general and administrative costs of \$269,710 during the nine-month period ended September 30, 2018 (September 30, 2017 – \$262,852). Out of this amount, \$94,890 relates to amounts paid for license applications, \$123,086 was paid for rent and the remaining \$51,734 related to office costs incurred in Japan and head office.
- c) Investor relations and marketing fees in the current period was \$257,907 compared to \$185,944 during the nine months ended September 30, 2017. This amount is higher due to the increased in marketing activities within the first six months of 2018 compared to the previous period.
- d) Travel of \$215,934 related to Japan site visits along with travel costs associated with license applications and projects during the current quarter (September 30, 2017: \$313,213).
- e) The Company incurred \$179,208 in professional fees during the nine-month period ended September 30, 2018 compared to \$20,003 in September 30, 2017. This increase is due to higher fees incurred in connection with the higher level of accounting services needed by SAMJ.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position at September 30, 2018 was \$172,335 a decrease from \$682,218 as at December 31, 2017. As at September 30, 2018, the Company has a working capital deficit of \$550,178 compared to a working capital of \$2,912,568 as at December 31, 2017.

Net cash used in operating activities for the period ended September 30, 2018 was \$2,594,411 compared to net cash used of \$2,611,556 during the period ended September 30, 2017.

Net cash provided by investing activities during the period ended September 30, 2018 was \$1,778,743 (September 30, 2017 – cash used in investing activities of \$811,315). This was mainly due to the redemption of short-term investments of \$2,700,000, offset by the expenditures on exploration and evaluation assets within the granted licenses totaling \$921,257.

Financing activities during the period ended September 30, 2018 was \$323,625 cash received via a related party loan. During the prior period ended September 30, 2017, the Company received proceeds from a financing of \$5,000,000 and received \$87,499 from exercise of share options.

The accompanying financial statements have been prepared on the basis of accounting principles applicable to a “going concern”, which assume 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 does not currently generate any revenues or have operations that generate cash flows. The Company's ability to continue on a going concern basis depends on its ability to successfully raise financing. 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. This material uncertainty may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

JAPAN GOLD CORP.
Management's Discussion and Analysis
For nine months ended September 30, 2018 and 2017

SUBSEQUENT EVENTS

On October 23, 2018, the Company entered into a binding letter agreement (“Letter Agreement”) with First Quantum Minerals Ltd. (“FQML”) to explore four of its prospective lithocap projects (collectively the “Lithocap Projects” and each a “Project”) located on the islands of Hokkaido, Honshu and Kyushu, Japan. The Lithocap Projects represent exploration targets for shallow-level epithermal gold and deeper porphyry copper-gold deposits. Pursuant to the Letter Agreement, FQML has committed to manage and oversee a systematic surface exploration reconnaissance on each Project prior to June 30, 2019.

Upon completion of the initial exploration program, FQML will have the option to enter into a formal earn-in agreement (“Option Agreement”) on any Project individually, to which FQML may earn-in to 51% of a Project by completing a minimum of US\$5 million in total exploration expenditures prior to June 30, 2022. For any Project that FQML options, it will endeavor to maintain minimum average annual expenditures of US\$1 million per year during the initial earn-in period. Upon earning a 51% interest in a Project, FQML would have the right to earn an additional 29% interest in a Project by solely funding the Project until FQML makes a “Decision to Mine”, increasing FQML’s ownership in a Project to 80%.

Subsequent to the period ended September 30, 2018, the Company received additional advances of US\$250,000 and \$300,000 from Southern Arc Minerals Inc.

RELATED PARTY TRANSACTIONS

Key management and personnel compensation

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

	September 30, 2018		September 30, 2017	
Management fees	\$	144,000	\$	84,000
Consulting fees	\$	254,149	\$	144,205

During the period ended September 30, 2018, the Company incurred \$444,000 (September 30, 2017 - \$252,000) in management fees to J. Proust & Associates Inc., a private company controlled by John Proust, the CEO of the Company. Management fees include administrative, finance and accounting fees, as well as certain office expenses. As at September 30, 2018, accounts payable and accrued liabilities included \$Nil (September 30, 2017 - \$Nil) payable to the related entity.

During the period ended September 30, 2018, the Company paid \$126,000 (September 30, 2017 - \$Nil) in consulting fees to M&S Yamada Consultants LLC, a private company controlled by Keith Yamada, a director of the Company. The Company also paid \$244,994 in consulting fees to Andrew Rowe, an officer of the Company. During the period ended September 30, 2018, the Company also paid \$8,043 (September 30, 2017:\$Nil) in consulting fees to John Carlile, a director of the Company. As at September 30, 2018, \$Nil, \$29,638 and \$Nil, respectively were outstanding and payable (December 31, 2017: \$Nil, \$29,638 and \$Nil respectively).

During the period ended December 31, 2017, the Company received three compact portable diamond core drill rigs from PT. Promincon Indonesia (“PMC”). PMC manufactures a range of portable diamond core drill rigs and is an established diamond core drilling contracting company incorporated in Indonesia. Michael Andrews, a director and officer of Japan Gold has a controlling interest in PMC. As at September 30, 2018, no amounts were outstanding and payable to the related entity.

During the period ended September 30, 2018, the Company accrued \$82,456 (September 30, 2017 - \$71,293) in rent and office expense relating to the Company’s head office. As at September 30, 2018, \$30,135 of these fees were included in accounts payable and accrued liabilities. This amount is owed to Southern Arc Minerals Inc., a related party of the Company (September 30, 2017 - \$Nil).

The Company also received US\$250,000 (\$323,625) in advances from Southern Arc minerals Inc. during the period ended September 30, 2018 (September 30, 2017:\$Nil).

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

JAPAN GOLD CORP.
Management's Discussion and Analysis
For nine months ended September 30, 2018 and 2017

CURRENT SHARE DATA

As at the date of this MD&A, the Company had 68,314,409 common shares issued and outstanding.

On September 15, 2016, the Company granted 4,724,950 share options to directors, officers and consultants with an exercise price of \$0.40 with an expiry of 10 years. These options are currently fully vested. During the year ended December 31, 2017, the Company granted 275,000 share options to a consultant of the Company. These options expire on October 28, 2026 and have an exercise price of \$0.40. During the period ended September 30, 2017, 366,664 share options were exercised resulting in the issuance of 366,664 common shares for total proceeds of \$87,499. During the period ended September 30, 2018, 125,000 options expired and 25,000 options were forfeited.

As at the date of this MD&A, the total amount of share options outstanding is 5,303,112. As at the date of this MD&A, the Company has 12,500,000 share purchase warrants outstanding at an exercise price of \$0.40 per share for a period of 5 years in connection with the private placement to Southern Arc.

RISKS AND UNCERTAINTIES

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. All of the Company's financial liabilities such as accounts payable and accrued liabilities are classified as current and the loan due to a related party is payable on demand. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. See also Note 1 of the Financial Statements.

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 is subject to a floating rate of interest. The interest rate risk on the Company's cash and short term investment is minimal.

The Company also operates in Japan and is subject to foreign currency fluctuations primarily on its cash and accounts payable and accrued liabilities denominated in Japanese Yen ("Yen or ¥").

At September 30, 2018, the Company had ¥2,553,375 (approximately CDN\$29,108) in cash, and ¥22,336,366 (approximately CDN\$254,635) in accounts payable and accrued liabilities. As at September 30, 2018, Yen amounts were converted at a rate of ¥0.01140 to CDN\$1. A 10% fluctuation in foreign exchange would result in a net change of approximately CDN\$22,553.

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 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.

JAPAN GOLD CORP.
Management's Discussion and Analysis
For nine months ended September 30, 2018 and 2017

CRITICAL ACCOUNTING POLICIES

Reference should be made to the Company's significant accounting policies contained in Note 3 of the Company's consolidated financial statements as at December 31, 2017. 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 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 which, 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.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that 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 estimated fair value of the Company's financial assets and liabilities, are by their nature, subject to measurement uncertainty.
- ii) 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.

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 judgments about whether sufficient financing will be obtained in the near term. See Note 1 in the Financial Statements.
- ii) The Company's assessment of its functional and reporting currency of the legal parent company is denominated in Canadian dollars while the functional currency at the subsidiary is denominated in the Japanese Yen.

Financial instruments

On initial recognition, all financial assets and financial liabilities, including derivatives, are recorded at fair value. All transactions related to financial instruments are recorded on a trade date basis. The directly attributable transaction costs of financial assets and liabilities are included in the carrying value of financial assets and liabilities except transaction costs related to financial assets and liabilities classified as fair value through profit or loss, which are expensed in the period they are incurred. Subsequently, derivatives are measured at fair value and changes in fair value are recognized in profit or loss. For other financial assets and liabilities, subsequent measurement is as follows.

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows.

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss. The Company does not have any assets classified as fair value through profit or loss.

JAPAN GOLD CORP.
Management's Discussion and Analysis
For nine months ended September 30, 2018 and 2017

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Cash is classified as loans and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss. The Company has not classified any financial assets as held-to-maturity.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss. The Company has not classified any financial assets as available-for-sale.

All financial assets except for those recognized at fair value through profit or loss are subject to review for impairment at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories. The Company's accounting policy for each category is as follows.

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss. The Company has not classified any financial liabilities as fair value through profit or loss.

Other financial liabilities - This category includes accounts payable and accrued liabilities and due to related parties, which are recognized at amortized cost using the effective interest method of amortization.

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.

The Company currently does not have any financial instruments that are recognized at fair value. The carrying value of cash, short term investment and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

JAPAN GOLD CORP.
Management's Discussion and Analysis
For nine months ended September 30, 2018 and 2017

New accounting standards and pronouncements

- IFRS 9 – In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments to replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. The Company adopted all of the requirements of IFRS 9 Financial Instruments (“IFRS 9”) as of January 1, 2018. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.
- IFRS 15 - *Revenue from Contracts with Customers*. This IFRS establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. IFRS 15 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.
- IFRS 16 - *Leases*. This IFRS, which supersedes IAS 17 - *Leases*, specifies how to recognize, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has also been applied.

The Company does not expect to apply these standards prior to their mandatory effective date. At this time, the Company does not anticipate that the above standards would have a significant impact on the financial statements of the Company.

JAPAN GOLD CORP.
Management's Discussion and Analysis
For nine months ended September 30, 2018 and 2017

QUALIFIED PERSON AND QUALITY CONTROL AND ASSURANCE

The technical information in this document has been reviewed by Dr. Michael Andrews, Director, PhD, FAusIMM, 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;*
- unpredictable changes to the market prices for gold, copper and other commodities;*
- exploration and development 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.