



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(Expressed in Canadian dollars)

JAPAN GOLD CORP.
Management's Discussion and Analysis
For the periods ended September 30, 2022 and 2021

This Management's Discussion and Analysis ("MD&A"), prepared as of November 24, 2022, 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, 2022 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, 2022 AND THE SUBSEQUENT PERIOD

- The Company completed 7 additional diamond drill core holes for a total of 2,888 m at the Ryuo prospect within the 100% owned Ikutahara Project in Hokkaido, Japan (see below for project updates).
- Two additional drill holes are planned for drilling at Ryuo during the end of 2022.
- Six drill holes have been completed at the Saroma prospect located within the 100% owned Ikutahara Project for a total of 1,309 m with results expected by the end of 2022.
- Drilling is near completion at east Kitano-o prospect for a planned program of 3 diamond drill core holes for 2,100 m.
- During the period ended September 30, 2022, the Company received funding of \$2,189,041 (US\$1,751,793) from Barrick Gold Corporation ("Barrick") for work to jointly explore, develop and mine certain gold mineral properties in Japan (the "Barrick Alliance"). Subsequent to September 30, 2022, Barrick has funded an additional \$1,797,754 (US\$1,311,559) for a total funding of \$11,210,186 (US\$8,615,945) to date.
- Barrick has selected six projects within the Barrick Alliance portfolio to continue onto the next 3-year evaluation phase and continue to provide full support, management and sole fund all Barrick Alliance activities.
- Soil sampling programs are ongoing at the Ikutahara project to extend soil grids over the Kitano-o prospect and over the extensions of the alteration zone at the Ryuo prospect.

COMPANY OVERVIEW

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

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

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

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On February 28, 2022, the Company granted Barrick an extension of the two-year Initial Evaluation Phase by 6 months to August 31, 2022 due to travel restrictions caused by the global COVID pandemic. On September 6, 2022, the Company announced that Barrick has 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 three project areas 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 \$11,210,186 (US\$8,615,945) and Barrick has not declared any project as a Designated Project.

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

Japan is considered one of the most stable and corruption-free jurisdictions in the world. The mining regulatory framework is well established and transparent with appropriate access to government officials and a comprehensive support program to facilitate stakeholder consultation. The Company deliberately selected project areas in sparsely populated areas with a history of mining and has received strong local support. 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, 2022 | December 31, 2021 | December 31, 2020 |
|--------------------------------|---------------------------|--------------------------|--------------------------|
| Total assets | \$ 27,188,892 | \$ 32,371,554 | \$ 20,656,488 |
| Working capital ⁽¹⁾ | 4,254,416 | 11,689,692 | 2,623,106 |
| Net loss | (3,010,353) | (3,326,795) | (3,713,672) |
| Comprehensive loss | (5,603,640) | (5,044,971) | (3,379,111) |

⁽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 \$4.5 million. The working capital includes approximately \$1.3 million of restricted cash representing amounts funded by Barrick in excess of amounts paid for exploration and evaluation expenditures.

PROPERTY REVIEW AND OUTLOOK

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

Having prospecting rights applications accepted by Ministry of Economy, Trade and Industry, reserves the land for Japan Gold and allows for active surface exploration programs such as mapping, surface sampling and geophysics. Granting of Prospecting Rights by the METI allows for more advanced forms of exploration, such as drilling. As of the date of this MD&A report the Company holds priority over 31 projects, for a total of 239,929 hectares, a total of 786 prospecting rights license applications accepted by METI, 163 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 163 granted Prospecting Rights:

- 38 Prospecting Rights have been granted at the Ikutahara Project (13,286 hectares)
- 11 Prospecting Rights at the Ohra-Takamine Project (3,705 hectares)
- 4 Prospecting Rights at the Tobaru Project (1,347 hectares)
- 12 Prospecting Rights at the Kamitsue Project (4,069 hectares)
- 9 Prospecting Rights at the Aibetsu Project (2,916 hectares)
- 47 Prospecting Rights at the Ebino Project (14,698 hectares)
- 22 Prospecting Rights at the Mizobe Project (5,163 hectares)
- 6 Prospecting Rights at the Usa Project (1,838 hectares)
- 14 Prospecting Rights at the Bajo Project (4,478 hectares)

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

Ikutahara Project

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

Preliminary field work in Q4 2016 comprised regional drainage sampling and semi-detailed prospecting over historical gold-silver mine workings. This included prospecting, geological mapping, collecting stream sediment and Bulk Leach Extractable Gold ("BLEG") drainage samples, along with rock float and outcrop sampling. Stream sediment and BLEG sampling are used to highlight gold dispersion and multi-element pathfinder signatures of gold-bearing quartz vein systems and potential mineralized extensions. Historical data compilation and detailed mapping of two advanced Ikutahara prospects, which are the areas surrounding the historic Ryuo gold-silver mine and Akebono gold-silver workings were also completed.

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

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

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

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

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

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

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

Between May and June 2021, 3 drill holes were completed at the Ryuo Prospect for a total of 828.3m drilling. Commencing in September 2021, a further 8 holes were completed for a total of 2,380 m drilling. A soil grid over the greater Ryuo prospect was completed in August 2021 to provide more geochemical coverage and highlight potential extensions to the known workings and mineralization. Grid soil sampling re-commenced at the North Kitano-o prospects in August 2021 to provide a more systematic coverage of the eastern side of the prospects area. A soil grid over the East Kitano-o Prospect has also been completed to add a fuller understanding to the planned drill programs. Soil geochemical and alteration data has been received from the lab and evaluated with respect to planned drilling at East Kitano-o.

Drill results from the eight additional scout drill holes at the Ryuo Prospect continued to encounter high-grade vein intersections along an 800 m open ended strike zone.

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

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In March 2022, drilling resumed at the Ryuo prospect and 7 holes for 2,888 m were completed by June 2022. Drilling was positioned to step-out at approximately 50 m 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:

| 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 indicated a limited extent to the Jinja shoot area but highlighted 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 are planned for the Ryuo prospect for late 2022 to follow up on high-grade intercepts discussed herein.

Upon completion of the Ryuo program, drilling operations shifted to the east side of the Kitano-o prospect where three 700 m deep drill holes were planned. One of three planned deep drill-holes has been completed and another two drill holes are in progress and expected to be completed by November 2022. The initial three scout drill holes at east Kitano-o are targeting combined geochemical and geophysical anomalies below historic workings and adjacent to major graben and rhyolite dome structures proximal to the Cretaceous basement interface.

Sampling of extensions to soil grids completed in 2021 at the Ryuo and at Kitano-o prospect has also commenced. Extensions to the soil grid at Ryuo will aim to advance additional drill targets both parallel and along strike of the known prospect area. At East Kitano-o, open-ended gold and pathfinder element anomalies on the north side of the grid extend towards the flank of Maruyama rhyolite dome. Dome margins are a prime site for epithermal vein deposits in the region. A good analogy of this is seen at the Konomai mine located 20 km to the north of the Ikutahara project where 2.35 Moz of gold were mined from a series of veins located within and along the margin of a rhyolite dome complex. A 3 km southward extension of the Kitano-o soil grid will further define the strike potential of en echelon veining at the historical Ikutahara and Showa mine workings. Sampling of historic mine dump material by the Company on these shallowly developed workings gave gold grades up to 93.3 g/t Au.

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On October 20, 2022, the Company announced the completion of the drilling activities at the Saroma prospect, where six initial scout drill holes tested a 1 km section of the Saroma vein where mapping around the shallow workings has identified sheeted vein zones up to 7 m wide of fine-grained colloform-crustiform banded quartz veins. Four initial drill holes were drilled and all intersected significant quartz vein zones of up to 8 m wide of banded and brecciated chalcedonic quartz with ginguero banding. An additional two deeper drill holes were completed to test continuity of the vein zones to depth and these two drill holes also intersected quartz vein zones with similarly low-temperature chalcedonic textures indicating good preservation of the vein system. The six drill holes totaled 1,309 m and results are expected by December 2022.

Ohra-Takamine Project

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

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

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

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

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

- Drill hole OTDD20-001, targeting the down dip extension of the Urushi Mine workings, intersected 7 narrow, gold-anomalous quartz veins including highlight intercepts of:
 - 0.35 m @ 21.7 g/t Au & 13 g/t Ag from 233.95 m
 - 4.15 m @ 1.6 g/t Au & 2.4 g/t Ag from 222.6 m
(inc. 0.55 m @ 3.5 g/t Au & 4.5 g/t Ag from 225.7 m)
(and. 0.25 m @ 6.5 g/t Au & 7.5 g/t Ag from 226.0 m)
 - 1.2 m @ 1.5g/t Au & 31 g/t Ag from 114. 4m
(inc. 0.4 m @ 3.2 g/t Au & 84 g/t Ag from 115.2 m)
- Drill hole OTDD19-001, drilled from the north side of the Ohra Mine, intersected a 4.5 m wide (down-hole width) quartz vein from 227 m down hole. A 0.35 m wide portion of the vein returned 1.7 g/t Au and 5.0 g/t Ag.

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- 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 m to end of hole (584 m). These zones range from 4 to 40 m in downhole length.

An evaluation of all geological, geochemical and geophysical was completed in early 2022 which generated a series of new drill targets. Drilling is currently on hold as the Company evaluates results from 2022 work programs towards formulation of its 2023 exploration priorities.

Tobaru Project

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

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

As part of the Barrick Alliance group of projects BLEG sampling was completed in 2021 at Tobaru with a total of 32 BLEG and 98 rock samples collected. The Barrick Alliance has made a decision to classify Tobaru as part of the option projects not selected for further evaluation.

The Company is internally evaluating all projects that Barrick did not select, which remain at an early stage of investigation but offer exploration potential, with a view to determining which to advance independently or by bringing in additional partners.

Aibetsu Project

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

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

Barrick Alliance

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

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to sole fund a Designated Project through to completion of a BFS, Japan Gold will be fully carried through completion of the BFS and retain a 25% interest in the Designated Project.

Subsequent to the Barrick Alliance announcement, and METI approval for work programs, regional BLEG sampling and project scale gravity data collection commenced over the 1,591 square kilometers covered by the Barrick Alliance Projects on the islands of Kyushu, Honshu and Hokkaido. The program was anticipated to be completed within one year with Japan Gold acting as the Operator. Due to a month long delay to start the field program caused by the COVID-19 global pandemic, the Company implemented strict safety protocols to avoid the virus spreading and work commenced in Kyushu on May 7, 2020. By March 2022 the regional BLEG and required gravity surveys had been largely completed over the now expanded Alliance portfolio which had increased from 1,591 to 2,441.7 square kilometers across Japan’s 3 main islands. Due to an expansion of the portfolio and delays caused by travel restrictions during the pandemic, the initial 2-year evaluation phase was extended until August 31, 2022.

Across the Alliance portfolio, a total of 3,500 BLEG samples and 8,400 rock samples had been collected as part of the initial phase screening and subsequent follow-up of anomalous areas. Project scale gravity surveying was focused into areas of interest behind the screening sampling programs, and approximately 81 % of the Alliance portfolio was able to be effectively covered by project scale gravity stations. The processed gravity data was effective in structural interpretations on key target areas.

Follow-up of defined and priority anomalies had also been largely completed by Q1 2022 and through a series of workshops and presentations between October 2021 to March 2022, the Alliance had further narrowed their focus down to a series of targets for further investigation.

With the opening of the Japan borders, Barrick made their first visit into Japan in May 2022 to commence review of follow-up investigations completed over the Kyushu and Honshu AOI’s. A second visit was completed in late June 2022 to early July 2022 to investigate the Hokkaido AOI’s. These presentations were aimed at providing Barrick a fuller understanding of exploration potential and conceptual targets towards their August 31, 2022 decision for projects to advance to the Second Evaluation phase.

On September 6, 2022, the Company announced that Barrick has selected six projects from the Barrick Alliance portfolio to continue as Included Projects in the Second Evaluation Phase. In addition, Barrick will be continuing their Initial Evaluation Phase on three project areas that were added to the Barrick Alliance following its formation. The Company will continue to provide full support and management of the Included Project under the Barrick Alliance.

The Company is internally evaluating all projects that Barrick did not select, which remain at an early stage of investigation but offer exploration potential, with a view to determining which to advance independently or by bringing in additional partners.

Barrick requires projects to have the potential to host either a Tier 1 or Tier 2 ore body, in order to advance under the Barrick Alliance. Tier 1 ore bodies are defined by Barrick as having 5 million ounce 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 ounce or greater potential with annual production of 300,000 ounces of gold for 10 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.

Barrick Alliance Initial Phase Geochemical and Geophysical Ground Coverage

| Barrick Alliance projects | Total Ha | Initial Phase Geochem Covered to date (Ha) | % Geochem Coverage | Gravity Coverage to Date | % Gravity Coverage |
|----------------------------------|-----------------|---|---------------------------|---------------------------------|---------------------------|
| Barrick Alliance Hokkaido | 88,416.5 | 86,350 | 96 | 58,725 | 56.5 |
| Barrick Alliance Hokusatsu | 96,733.2 | 96,733.2 | 100 | 96,733.2 | 100 |

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| | | | | | |
|--------------------------------|------------------|------------------|-----------|------------------|-----------|
| Barrick Alliance Middle Kyushu | 10,385.2 | 10,385.2 | 100 | 10,385.2 | 100 |
| Barrick Alliance Honshu | 18,467.0 | 18,467 | 100 | 3,990.1 | 21.6 |
| Total Barrick Alliance | 214,001.9 | 177,692.3 | 99 | 152,502.6 | 81 |

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

Mizobe Project

An Induced Polarization (IP) geophysical survey comprising 14.6-line kilometers was completed over the eastern part of the Mizobe Project in September. IP surveying was carried out over a 2.5 by 2.5 km 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 interpretation of combined data sets an initial three drill holes are planned to be commenced in January 2023.

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 km to the north.

Ebino Project

Induced Polarization surveying was completed in early November at the Otsuka prospect within Ebino Project, located 12 km north of the Hishikari mine. A total of 9.4-line km were completed along a 4 km 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 is planned to be completed over the Otsuka prospect in November to aid in definition of drill targets for 2023 if warranted.

Aibetsu Project

In Q3/4 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 km zone. Mapping has defined two extensive clay alteration zones with associated quartz vein mineralization. Preparations are now underway for IP surveying to cover priority areas in 2023 to advance drill targeting within the project.

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 Moz of gold between 1915-73. A combination of coherent BLEG gold and pathfinder element anomalies shedding from high elevations and well-preserved volcanic stratigraphy are 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 will be followed up with IP surveying in 2023 to advance drill targeting.

COVID-19 Operating Plan

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

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

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SUMMARY OF QUARTERLY RESULTS

| | 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) | (0.00) | (0.00) |

| | September 30, 2021 | June 30, 2021 | March 31, 2021 | December 31, 2020 |
|----------------------------------|-----------------------|------------------|-------------------|----------------------|
| Total assets | \$33,091,277 | \$24,529,931 | \$18,088,915 | \$20,656,488 |
| Working capital | 13,835,511 | 6,044,259 | 1,333,354 | 2,623,106 |
| Net loss | (748,776) | (740,569) | (799,404) | (930,265) |
| Basic and diluted loss per share | (0.00) | (0.00) | (0.00) | (0.00) |

Total assets increased from \$20,656,488 as at December 31, 2020 to \$27,188,892 as at September 30, 2022. This is attributed to an increase in cash and the capitalization of exploration and evaluation expenditures related to the Company's exploration and drilling programs, which were funded by equity financing that closed in the third quarter of 2021. As at September 30, 2022, the Company has capitalized a total of \$21,748,989 in exploration and evaluation assets.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

During the three-month period ended September 30, 2022, the Company had a net loss of \$789,807 compared to a loss of \$748,776 for the three-month period ended September 30, 2021. Significant changes occurred in the following categories:

- The Company recorded share-based compensation of \$86,230 during the period ended September 30, 2022 related to stock options granted in Q4 2021 (September 30, 2021 - \$41,729).
- The Company recognized a higher consulting expense of \$103,819 (September 30, 2021 - \$75,460) due to an increase in exploration activities relating to the Sanru and east Kitano-o project for 2022.
- The Company recognized higher management fees of \$167,000 (September 30, 2021 - \$141,000) due to an increase in compensation for administrative, finance and accounting services.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

During the nine-month period ended September 30, 2022, the Company had a net loss of \$3,010,353 compared to a loss of \$2,288,749 for the nine-month period ended September 30, 2021. Significant changes occurred in the following categories:

- The Company recorded share-based compensation of \$712,116 during the period ended September 30, 2022 related to stock options granted in Q4 2021 (September 30, 2021 - \$249,821).
- The Company recognized higher management fees of \$524,000 (September 30, 2021 - \$423,000) due to an increase in compensation for administrative, finance and accounting services.
- The Company incurred occupancy and office costs of \$237,532 during the nine-month period ended September 30, 2022 (September 30, 2021 - \$224,477). Out of this amount, \$144,054 was paid for rent and office costs relating to head office and the remaining \$93,478 related to rent and office costs in Japan during the nine-month period.
- The Company recorded travel expense of \$66,376 during the nine-month period ended September 30, 2022 (September 30, 2021 - \$14,006). Travel costs during the prior period were lower as the outbreak of COVID-19 significantly limited international travel into Japan.

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LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents as at September 30, 2022 were \$4,889,197 which was a decrease from \$11,954,665 as at December 31, 2021. As at September 30, 2022, the Company has a working capital of \$4,254,416 compared to a working capital of \$11,689,692 as at December 31, 2021.

Net cash used in operating activities for the period ended September 30, 2022 was \$1,779,074 compared to net cash used of \$1,463,949 during the period ended September 30, 2021. The cash used in operating activities reflected the Company's efforts in continuing to build its project portfolio during the period as well as general and administrative expenses.

Net cash used in investing activities during the period ended September 30, 2022 was \$5,207,182 (September 30, 2021: \$2,917,014). This was mainly due to the 2022 drilling expenditures incurred to advance the Company's key projects in Ikutahara and Ohra-Takamine.

Net cash used in financing activities during the period ended September 30, 2022 was \$22,493 (September 30, 2021: cash from financing activities of \$16,010,628). This difference was due to the Company receiving \$15,976,208 in connection with a private placement which closed in July 2021.

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 | |
|--------------------------|--------------------------|--------------------|--------------------------|--------------------|-------------------------|--------------------|
| | September 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021 |
| Management fees | \$ 167,000 | \$ 141,000 | \$ 524,000 | \$ 423,000 | \$ 524,000 | \$ 423,000 |
| Consulting fees | 59,914 | 42,000 | 172,536 | 126,000 | 172,536 | 126,000 |
| Director fees | 38,633 | 38,222 | 115,899 | 114,666 | 115,899 | 114,666 |
| Project evaluation | 39,594 | 86,059 | 120,936 | 140,786 | 120,936 | 140,786 |
| Share-based compensation | 86,320 | 24,177 | 712,116 | 144,890 | 712,116 | 144,890 |

During the nine-month period ended September 30, 2022, the Company incurred \$524,000 (September 30, 2021: \$423,000) 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 \$52,965 in occupancy costs during the period ended September 30, 2022 (September 30, 2021: \$45,050).

The Company incurred \$120,936 in consulting fees for project evaluation to Andrew Rowe, an officer of the Company during the period ended September 30, 2022 (September 30, 2021: \$140,786). As at September 30, 2022, \$28,350 (December 31, 2021: \$19,031) of these fees were outstanding and payable to the officer.

The Company paid \$46,536 in consulting fees (September 30, 2021: \$60,373) to Takashi Kuriyama, the General Manager of Exploration of the Company. As at September 30, 2022, \$7,105 (December 31, 2021: \$4,789) of these fees were outstanding and payable. During the period ended September 30, 2022, the Company also incurred \$126,000 (September 30, 2021: \$126,000) in consulting fees for providing analysis and strategic advice related to the development of exploration projects to a private company controlled by Mitsuhiko Yamada, a director of the Company.

Other related party transactions

During the period ended September 30, 2022, Southern Arc, a company with common directors and management, charged the Company \$18,687 in office expenses (September 30, 2021: \$Nil in rent and office expenses). As at September 30, 2022, \$6,321 (December 31, 2021: \$8,321) of these fees were included in accounts payable and accrued liabilities.

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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 224,890,479 common shares issued and outstanding.

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

| Outstanding | Weighted average exercise price | Expiry date | Weighted average remaining life (years) |
|--------------------|--|--------------------|--|
| 120,000 \$ | 0.27 | June 3, 2024 | 1.67 |
| 3,974,950 | 0.40 | September 15, 2026 | 3.96 |
| 275,000 | 0.40 | October 28, 2026 | 4.08 |
| 1,525,050 | 0.16 | December 13, 2028 | 6.21 |
| 5,180,000 | 0.20 | January 24, 2029 | 6.32 |
| 4,315,000 | 0.30 | May 13, 2030 | 7.62 |
| 6,390,000 | 0.35 | December 23, 2026 | 4.23 |
| 21,780,000 \$ | 0.30 | | 5.47 |

As at the date of this MD&A, there are no share purchase warrants outstanding.

RISKS AND UNCERTAINTIES

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 has not generated any revenues or cash flows from operations to date. For the period ended September 30, 2022, the Company incurred negative cash flows from operations of \$1,779,074 and recorded a net loss of \$3,010,353. These conditions result in material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company expects that it will require additional debt or equity funding in the future in order to continue its planned exploration and evaluation activities and meet its business objectives. The Company plans to raise the necessary funds primarily through issuance of common shares. The Company's ability to continue as a going concern is dependent on its ability to successfully raise additional funds. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

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

In late February 2022, Russia launched a large-scale military attack on Ukraine. The invasion significantly amplified already existing geopolitical tensions among Russia, Ukraine, Europe, NATO and the West, including Canada. In response to the military action by Russia, various countries, including Canada, the United States, the United Kingdom and European Union issued broad-ranging economic sanctions against Russia. Such sanctions (and any future sanctions) and other actions against Russia may adversely impact, among other things, the Russian economy and various sectors of the economy, including but not limited to, financials, energy, metals and mining. Accordingly, the actions discussed above and the potential for a wider conflict could increase financial market volatility and cause severe negative effects on regional and global economic markets. As a

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result, the Company's business, financial condition, and results of operations may be negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action.

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

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

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short term business requirements after taking into account the Company's cash and cash equivalents. All of the Company's financial liabilities, are classified as current while the Company's obligation to make lease payments is disclosed in Note 7 of the condensed consolidated interim financial statements for the period ended September 30, 2022. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

Other risk factors

Industry

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

Gold and other metal prices

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

Permitting risk

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

Ability to raise funding

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

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

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disruptions in the international credit markets and other financial systems could impede the Company's access to capital or increase the cost of capital which may adversely affect the Company's operations.

CRITICAL ACCOUNTING POLICIES

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

Significant accounting judgments and estimates

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

Estimation of uncertainty

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

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

Judgments

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

- i) The Company's assessment of its ability to continue as a going concern requires significant judgments about whether there are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company must determine whether sufficient financing will be obtained in the near term.
- ii) The determination of the functional currency of the Company and its subsidiaries requires significant judgment where the primary economic environment in which the subsidiary operates may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation method.

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LIMITATIONS OF CONTROLS AND PROCEDURES

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

QUALIFIED PERSON AND QUALITY CONTROL AND ASSURANCE

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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.*

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For the periods ended September 30, 2022 and 2021

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.