



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE MONTHS ENDED
MARCH 31, 2024 AND 2023**

(Unaudited - expressed in Canadian dollars)

JAPAN GOLD CORP.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
March 31, 2024

Notice of No Auditor Review

The accompanying unaudited condensed consolidated interim financial statements of Japan Gold Corp. for the three-month period ended March 31, 2024 have been prepared by the Company's management and approved by the Audit Committee and Board of Directors of the Company.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements.

May 28, 2024

JAPAN GOLD CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Unaudited - Expressed in Canadian dollars)

As at		March 31, 2024		December 31, 2023
Assets				
Current				
Cash and cash equivalents (Note 3)	\$	484,593	\$	1,968,831
Restricted cash (Note 4)		22,203		572,685
Accounts receivable (Note 4)		603,561		48,436
Prepaid expenses and deposits		160,930		176,818
		<u>1,271,287</u>		<u>2,766,770</u>
Non-current assets				
Deposit		67,994		71,033
Exploration and evaluation assets (Note 4)		25,032,103		25,735,463
Property, plant and equipment (Note 5)		160,418		185,021
		<u>26,531,802</u>		<u>28,758,287</u>
Total assets	\$	<u>26,531,802</u>	\$	<u>28,758,287</u>
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 4 and 7)	\$	443,844	\$	811,911
		<u>443,844</u>		<u>811,911</u>
Shareholders' equity				
Share capital (Note 6)		59,659,032		59,659,032
Contributed surplus		6,693,532		6,691,075
Accumulated other comprehensive loss		(5,343,579)		(4,357,013)
Deficit		(34,921,027)		(34,046,718)
		<u>26,087,958</u>		<u>27,946,376</u>
Total shareholders' equity		<u>26,087,958</u>		<u>27,946,376</u>
Total liabilities and shareholders' equity	\$	<u>26,531,802</u>	\$	<u>28,758,287</u>

Nature and continuance of operations (Note 1)

Subsequent events (Notes 4 and 11)

Approved by the Board of Directors and authorized for issuance on May 28, 2024:

On behalf of the Board of Directors"Murray Flanigan" Director"John Proust" Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

JAPAN GOLD CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited - Expressed in Canadian dollars)

For the periods ended	March 31, 2024	March 31, 2023
Expenses		
Consulting (Note 7)	\$ 125,180	\$ 134,946
Depreciation (Note 5)	955	1,366
Director fees (Note 7)	38,683	38,683
Filing and regulatory	29,139	31,974
Foreign exchange loss	12,962	23,037
Insurance	14,657	12,843
Investor relations	191,347	205,426
Management fees (Note 7)	117,000	117,000
Occupancy and office (Note 7)	93,167	88,216
Professional fees	74,041	97,192
Project evaluation (Note 7)	163,996	190,940
Share-based compensation (Note 6)	2,457	2,982
Transfer agent	1,750	2,129
Travel	39,403	77,916
Loss before other items	904,737	1,024,650
Other items		
Interest income	(30,428)	(18,813)
Other income	-	(400)
	(30,428)	(19,213)
Net loss for the period	874,309	1,005,437
Foreign exchange loss on translation of foreign operations	2,089,588	187,185
Net comprehensive loss for the period	\$ 2,963,897	\$ 1,192,622
Loss per share		
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding	256,515,479	225,507,979

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

JAPAN GOLD CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(Unaudited - expressed in Canadian dollars)

For the periods ended	March 31, 2024	March 31, 2023
Cash flows from operating activities		
Net loss for the period	\$ (874,309)	\$ (1,005,437)
Adjustments for:		
Share-based compensation (Note 6)	2,457	2,982
Depreciation (Note 5)	955	1,366
Interest income	(30,428)	(18,813)
Interest received	30,428	18,813
Unrealized foreign exchange loss	12,962	23,037
Changes in non-cash working capital items:		
Accounts receivable, prepaid expenses and deposits	(536,198)	(6,764)
Accounts payable and accrued liabilities	197,086	(40,280)
Net cash used in operating activities	(1,197,047)	(1,025,096)
Cash flows from investing activities		
Exploration and evaluation expenditure (Note 4)	(196,775)	(628,448)
Acquisition of property, plant and equipment, net (Note 5)	(10,172)	-
Reimbursements of Barrick Alliance expenditures, net (Note 4)	98	(245,038)
Net cash used in investing activities	(206,849)	(873,486)
Cash flows from financing activities		
Proceeds received from exercise of options (Note 6)	-	190,000
Net cash from financing activities	-	190,000
Change in cash and cash equivalents during the period	\$ (1,403,896)	\$ (1,708,582)
Effect of foreign exchange on cash and cash equivalents	(80,342)	(2,403)
Cash and cash equivalents, beginning of the period	1,968,831	2,139,425
Cash and cash equivalents, end of the period	\$ 484,593	\$ 428,440

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

JAPAN GOLD CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIODS ENDED MARCH 31, 2024 AND MARCH 31, 2023

(Unaudited - expressed in Canadian dollars)

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total equity
Balance, December 31, 2022	224,890,479	53,598,471	6,715,164	(2,267,425)	(30,775,131)	27,271,079
Share-based compensation	-	-	2,982	-	-	2,982
Options exercised	975,000	341,230	-	-	-	341,230
Options forfeited	-	-	(151,230)	-	-	(151,230)
Net loss for the period	-	-	-	-	(1,005,437)	(1,005,437)
Foreign currency translation	-	-	-	(187,185)	-	(187,185)
Balance, March 31, 2023	225,865,479	53,939,701	6,566,916	(2,454,610)	(31,780,568)	26,271,439

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
Balance, December 31, 2023	256,515,479	59,659,032	6,691,075	(4,357,013)	(34,046,718)	27,946,376
Share-based compensation	-	-	2,457	-	-	2,457
Net loss for the period	-	-	-	-	(874,309)	(874,309)
Foreign currency translation	-	-	-	(986,566)	-	(986,566)
Balance, March 31, 2024	256,515,479	59,659,032	6,693,532	(5,343,579)	(34,921,027)	26,087,958

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

JAPAN GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2024 and March 31, 2023

(Unaudited - expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

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

The Company is exploring and evaluating mineral properties across the three largest islands of Japan: Hokkaido, Honshu and Kyushu. The Company’s head office is at Suite 650-669 Howe Street, Vancouver, British Columbia, Canada, V6C 0B4. The Company’s shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol “JG” and on the OTC Markets (“OTCQB”) under the symbol “JGLDF”.

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 as they become due. The Company has not generated any revenues or cash flows from operations to date. For the period ended March 31, 2024, the Company incurred negative cash flows from operations of \$1,197,047 and recorded a net loss of \$874,309. The Company’s ability to continue as a going concern is dependent on its ability to successfully raise additional financing, entering into a joint venture, sale of all or a portion of the Company’s assets, the outright sale of the Company, the successful development of the Company’s mineral property interests, or a combination thereof. The Company believes that it will be able to continue as a going concern for the foreseeable future based on the Company’s historical and anticipated ability to raise additional financing (Note 11) to further advance its projects. However, the Company will continue to incur negative cash flows from operations and the Company will require additional funding in the future. 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. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern. These condensed consolidated interim financial statements do not give effect to any 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. Such adjustments could be material.

2. MATERIAL ACCOUNTING POLICY INFORMATION**Basis of presentation**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and follow the same accounting policies and methods of application as the Company’s most recent annual financial statements.

These consolidated financial statements were approved for issuance by the Company’s Board of Directors on May 28, 2024.

Basis of consolidation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly owned Japanese subsidiary, Japan Gold KK (“JGKK”). All intercompany balances and transactions have been eliminated on consolidation. The Company consolidates subsidiaries where it has the ability to exercise control. Control over an investee is defined to exist when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Particularly, the Company controls investees, if and only if, the Company has all of the following: power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns.

JAPAN GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2024 and March 31, 2023

(Unaudited - expressed in Canadian dollars)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**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 consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and in 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 circumstances.

In preparing the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2024, the Company applied the critical judgments and estimates disclosed in Note 2 of the audited consolidated financial statements for the year ended December 31, 2023.

3. CASH AND CASH EQUIVALENTS

As at March 31, 2024, the balance of cash and cash equivalents is \$484,593 (December 31, 2023: \$1,968,831) of which \$400,000 (December 31, 2023: \$1,750,000) is cash equivalents related to Guaranteed Investment Certificates ("GICs") purchased during the period. During the period ended March 31, 2024, the Company redeemed \$1,350,000 of Canadian GIC's to fund operations (December 31, 2023: \$4,450,000).

4. EXPLORATION AND EVALUATION ASSETS

	Ikutahara project	Ohra- Takamine project	Bajo project	Other projects	Total
Balance, December 31, 2022	\$ 20,608,253	\$ 4,698,958	\$ 5,892	\$ 44,875	\$ 25,357,978
Geoscience - consulting	1,069,956	230,877	80,058	81,769	1,462,660
Drilling	70,305	177,454	-	16,243	264,002
Insurance	44,778	3,740	-	-	48,518
Depreciation	77,792	21,660	-	-	99,452
Travel	74,491	38,099	17,101	12,555	142,246
Field supplies	177,042	101,294	23,162	42,149	343,647
Foreign currency translation adjustment	(1,602,445)	(377,338)	(81)	(3,176)	(1,983,040)
Balance, December 31, 2023	20,520,172	4,894,744	126,132	194,415	25,735,463
Geoscience - consulting	119,866	7,119	9,304	10,637	146,926
Drilling	-	-	1,785	-	1,785
Insurance	9,515	508	907	-	10,930
Depreciation	15,089	2,494	-	-	17,583
Travel	2,423	1,824	1,009	8	5,264
Field supplies	17,748	11,142	6,093	4,821	39,804
Foreign currency translation adjustment	(766,875)	(166,951)	13,186	(5,012)	(925,652)
Balance, March 31, 2024	\$ 19,917,938	\$ 4,750,880	\$ 158,416	\$ 204,869	\$ 25,032,103

*Other projects consist of Tobaru project, Tobaru-Fuke project, Kamitsue project, Aibetsu project, Buho project, Usa Project, Onayama project and Gumyo project.

JAPAN GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2024 and March 31, 2023

(Unaudited - expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

The Company's current project portfolio consists of prospecting rights licenses and prospecting rights license applications for a combined area of 299,460 hectares over 35 separate projects on the three main islands of Japan. See below for a summary of the Company's current Prospecting Rights as at March 31, 2024:

- 15 Prospecting Rights are granted at the Ikutahara Project (5,245 hectares), 23 rights expired in May 2023 and 18 of these applications were re-applied for and accepted by the Ministry of Economy, Trade and Industry ("METI")
- 11 Prospecting Rights at the Ohra-Takamine Project (3,705 hectares)
- 4 Prospecting Rights at the Tobaru Project (1,347 hectares)
- 12 Prospecting Rights at the Kamitsue Project (4,069 hectares)
- 9 Prospecting Rights at the Aibetsu Project (2,916 hectares)
- 14 Prospecting Rights at the Bajo Project (4,478 hectares)
- 4 Prospecting Rights at the Buho Project (1,325 hectares)
- 6 Prospecting Rights at the Usa Project (1,838 hectares)
- 47 Prospecting Rights at the Ebino Project (14,698 hectares)
- 22 Prospecting Rights at the Mizobe Project (5,163 hectares)
- 36 Prospecting Rights at the Tobaru-Fuke Project (10,599 hectares)
- 11 Prospecting Rights at the Onoyama Project (2,784 hectares)
- 29 Prospecting Rights at the Gumyo Project (7,822 hectares)

On February 24, 2020, the Company entered into a country wide alliance with Barrick Gold Corporation ("Barrick") to jointly explore, develop and mine certain gold mineral properties in Japan (the "Barrick Alliance"). The Barrick Alliance covers 29 out of 31 projects held by JGKK at that time. The Barrick Alliance does not include the Ikutahara Project in Hokkaido and the Ohra-Takamine Project in Kyushu and the Company will continue to advance these two projects independently. Barrick has funded a 2-year Initial Evaluation Phase comprising a majority of the projects (minimum funding of US\$3 million per year) and has now commenced the funding of a subsequent 3-year Second Evaluation Phase on six projects (minimum funding of US\$4 million per year) that have met Barrick's inclusion criteria and returned 23 projects to the Company. The six projects are the Aibetsu, Tenryu, Hakuryu, Togi, Ebino and Mizobe projects. In addition, Barrick will continue with its Initial Evaluation Phase on three project areas that were added to the Barrick Alliance following its formation. The three projects still being reviewed are the Buho Extension – Nakanosawa, the Aibetsu East Extension, and the Togi Extension. Barrick will continue to provide full support and management and sole fund all Barrick Alliance activities. 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.

The Company acts as the Manager of each project, subject to Barrick's right at any time to become the Manager of a project. Barrick may identify a project as a Designated Project at any time during the Initial Evaluation Phase or the Second Evaluation Phase and elect to sole fund to completion of a pre-feasibility study ("PFS"). Upon completion of a PFS, Barrick will earn a 51% interest in the Designated Project. Barrick may elect to continue to sole fund a Designated Project following the completion of a PFS to a bankable feasibility study ("BFS"). Barrick's interest in the Designated Project at the completion of the BFS will increase to 75%. Where Barrick has elected to sole fund a Designated Project through to completion of a BFS, Japan Gold will be fully carried through completion of the BFS and retain a 25% interest in the Designated Project. Barrick and Japan Gold established a Technical Committee to, among other matters, provide input in respect of the preparation of programs and budgets for, and the conduct of operations on, projects that are part of the Barrick Alliance. All programs and budgets for projects that are part of the Barrick Alliance will be subject to approval by Barrick. Under the terms of the Barrick Alliance agreement, if Barrick acquires common shares of Japan Gold and Barrick's ownership interest in Japan Gold is at least 10%, Barrick will have the right, but not the obligation, to appoint a nominee to Japan Gold's Board of Directors.

JAPAN GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2024 and March 31, 2023

(Unaudited - expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

During the period ended March 31, 2024, Barrick paid \$172,734 (US\$129,350) (December 31, 2023 - \$4,871,915 (US\$3,627,069)) to the Company as funding for the Barrick Alliance work programs. On receipt of funds from Barrick, the Company records amounts received as restricted cash with an offsetting payable to Barrick. The payable to Barrick is decreased as qualifying expenditures are incurred on Barrick Alliance work programs. As at March 31, 2024, \$22,203 (US\$16,386) (December 31, 2023, \$572,685 or US\$432,999) is recorded as restricted cash representing amounts funded by Barrick in excess of amounts paid by the Company for exploration and evaluation expenditures and/or amounts to be reimbursed to the Company by Barrick for exploration and evaluation expenditures. As at March 31, 2024, \$557,989 is recorded as an amount yet to be funded by Barrick within accounts receivable (December 31, 2023, \$12,395 payable to Barrick).

Subsequent to March 31, 2024, Barrick has paid an additional \$848,517 (US\$626,813) to fund work programs. To date, the Company has received a total funding of \$17,103,352 (US\$12,999,177) for the Barrick Alliance activities and Barrick has not identified any project as a Designated Project.

5. PROPERTY, PLANT AND EQUIPMENT

Cost	Heavy Equipment	Vehicles	Building	Land	Furniture and Fixtures	Total
At December 31, 2022	\$ 912,634	\$ 120,577	\$ 124,169	\$ 10,525	\$ 281,956	\$ 1,449,861
Purchases	-	-	-	-	9,916	9,916
Disposition	-	-	-	-	(2,093)	(2,093)
Foreign currency translation adjustment	(81,755)	(10,802)	(11,123)	(942)	(25,484)	(130,106)
At December 31, 2023	830,879	109,775	113,046	9,583	264,295	1,327,578
Purchases	-	-	-	-	10,172	10,172
Foreign currency translation adjustment	(35,546)	(4,696)	(4,836)	(410)	(18,732)	(64,220)
At March 31, 2024	\$ 795,333	\$ 105,079	\$ 108,210	\$ 9,173	\$ 255,735	\$ 1,273,530
Accumulated depreciation						
At December 31, 2022	\$ 783,098	\$ 106,481	\$ 55,949	\$ -	\$ 198,351	\$ 1,143,879
Depreciation capitalized to exploration and evaluation assets	53,080	4,401	14,530	-	28,013	100,024
Depreciation expense	-	-	-	-	4,134	4,134
Foreign currency translation adjustment	(71,684)	(9,667)	(5,432)	-	(18,697)	(105,480)
At December 31, 2023	764,494	101,215	65,047	-	211,801	1,142,557
Depreciation capitalized to exploration and evaluation assets	9,143	4,845	3,428	-	5,513	22,929
Depreciation expense	-	-	-	-	955	955
Foreign currency translation adjustment	(32,843)	(8,493)	(2,835)	-	(9,158)	(53,329)
At March 31, 2024	\$ 740,794	\$ 97,567	\$ 65,640	\$ -	\$ 209,111	\$ 1,113,112
Net carrying value, December 31, 2023	\$ 66,385	\$ 8,560	\$ 47,999	\$ 9,583	\$ 52,494	\$ 185,021
Net carrying value, March 31, 2024	\$ 54,539	\$ 7,512	\$ 42,570	\$ 9,173	\$ 46,624	\$ 160,418

JAPAN GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2024 and March 31, 2023

(Unaudited - expressed in Canadian dollars)

6. SHARE CAPITAL**Authorized capital**

The Company is authorized to issue an unlimited number of common and preferred shares without par value. There are currently no preferred shares issued and outstanding.

On May 29, 2023, the Company closed non-brokered private placements and issued a total of 30,650,000 common shares at a price of \$0.20 per common share for gross proceeds of \$6,130,000. The Company paid total cash commission of \$279,500, incurred \$26,664 in professional fees and issued a total of 1,947,500 finder's warrants to arm's length finders. The finder's warrants are exercisable at \$0.20 per share for a period of 12 months from the date of closing. The fair value of these warrants was determined to be \$104,505 using the Black-Scholes pricing model and the following weighted average assumptions and inputs: Risk-free interest rate – 4.41% and 4.63%; expected volatility – 82% and 80%; weighted average share price of \$0.20; expected life of warrants – 1 year.

Share options

The Company has a "rolling" Share Option Plan (the "Plan") in compliance with the TSX-V's policy for granting share options. Under the Plan, the maximum number of common shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares and, to any one optionee, may not exceed 5% of the issued common shares on a yearly basis. The exercise price of each option shall not be less than the market price of the Company's stock at the date of grant. Options have expiry dates of no later than 10 years after the grant date. Vesting of options is determined by the Board of Directors at the time of grant.

In 2023, the Company adopted an updated omnibus equity incentive plan (the "Compensation Plan") which was approved at the Company's annual general meeting of stockholders held on October 12, 2023. The Compensation Plan supersedes the above Share Option Plan with the Company's Board of Directors passing a resolution capping all types of consideration referred to in the Compensation Plan for 2023 to a rolling maximum of 10% of the total number of issued and outstanding common shares of the Company as measured on the date of each grant.

A summary of the changes in share options is presented below:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2022	21,780,000	\$ 0.30
Exercised	(975,000)	(0.19)
Expired	(2,295,000)	(0.33)
Granted	200,000	0.20
Outstanding at December 31, 2023 and March 31, 2024	18,710,000	\$ 0.30

On January 31, 2023, 850,000 options were exercised at an exercise price of \$0.20 and 125,000 options were exercised at an exercise price of \$0.16 for total proceeds of \$190,000. The market price at the date of exercise was \$0.28.

On July 4, 2023, the Company issued 200,000 options to an employee of the Company at an exercise price of \$0.20 per share with an expiry date of July 4, 2028. The options are subject to vesting terms to which 25% of the options vests on the date of grant with additional 25% vesting every 6 months thereafter.

The Company recorded share-based compensation expense of \$2,457 for the period ended March 31, 2024 relating to the options granted during the prior year ended December 31, 2023 (December 31, 2023: \$2,982).

JAPAN GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2024 and March 31, 2023

(Unaudited - expressed in Canadian dollars)

6. SHARE CAPITAL (continued)**Share options (continued)**

The following weighted average assumptions were used for the Black-Scholes valuation of share options granted in 2023:

		July 4, 2023
Risk-free interest rate		3.57%
Expected life of options (in years)		5
Expected volatility		96%
Share price at grant date	\$	0.17
Exercise price	\$	0.20
Fair value	\$	0.12
Forfeiture rate		-
Dividend rate		-

The following table summarizes information about the share options outstanding as at March 31, 2024:

Outstanding	Weighted average exercise price	Expiry date	Weighted average remaining life (years)
120,000	\$ 0.27	June 3, 2024	0.17
3,024,950	0.40	September 15, 2026	2.46
275,000	0.40	October 28, 2026	2.58
1,250,050	0.16	December 13, 2028	4.71
4,110,000	0.20	January 24, 2029	4.82
3,815,000	0.30	May 13, 2030	6.12
5,915,000	0.35	December 23, 2026	2.73
200,000	0.20	July 4, 2028	4.26
18,710,000	\$ 0.30		3.97

As at March 31, 2024, the Company has 18,710,000 options issued and outstanding where 18,610,000 options are exercisable as at March 31, 2024 with a weighted average exercise price of \$0.30.

Warrants

	Number of Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2022	-	-
Issued	1,947,500	0.20
Outstanding at December 31, 2023 and March 31, 2024	1,947,500	\$ 0.20

The following table summarizes information about the warrants outstanding as at March 31, 2024:

Outstanding	Weighted average exercise price	Expiry date	Weighted average remaining life (years)
1,925,000	\$ 0.20	May 9, 2024	0.11
22,500	0.20	May 26, 2024	0.15
1,947,500	\$ 0.20		0.11

JAPAN GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2024 and March 31, 2023

(Unaudited - expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS**Key management and personnel compensation**

Key management personnel include the officers and directors of the Company. Key management compensation and amounts paid to companies controlled by key management consists of the following:

	Period ended		Period ended	
	March 31, 2024		March 31, 2023	
Management fees*	\$	117,000	\$	117,000
Project evaluation-consulting	\$	37,626	\$	60,967
Consulting fees*	\$	64,062	\$	73,826
Director fees	\$	38,683	\$	38,683

*Prior year comparatives for management fees and consulting fees have been re-presented for the reclassification of non-management fees of \$51,000 to consulting fees.

During the period ended March 31, 2024, the Company incurred \$117,000 (March 31, 2023: \$117,000) in management fees and \$51,000 (March 31, 2023: \$51,000) in consulting fees for administrative, finance and accounting services to a private company controlled by the Chief Executive Officer of the Company. The Company also reimbursed such private company \$22,050 in occupancy costs during the period ended March 31, 2024 (March 31, 2023: \$19,200).

The Company incurred \$37,626 in consulting fees for project evaluation to an officer of the Company during the period ended March 31, 2024 (March 31, 2023: \$60,967). As at March 31, 2024, \$11,447 (March 31, 2023: \$22,401) of these fees were outstanding and payable to the officer.

The Company paid \$13,062 in consulting fees (March 31, 2023: \$22,826 to the General Manager of Exploration of the Company).

Other related party transactions

During the period ended March 31, 2024, Southern Arc, a company with common directors and management, charged the Company \$Nil in office expenses (March 31, 2023: \$6,446). As at March 31, 2024, \$Nil (March 31, 2023: \$6,446) of these fees were included in accounts payable and accrued liabilities.

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

JAPAN GOLD CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and March 31, 2023

(Unaudited - expressed in Canadian dollars)

8. FINANCIAL INSTRUMENTS

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

The Company's risk management policies are established to identify and analyze 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's financial liabilities, comprising its accounts payable and accrued liabilities are classified as current. The Company's approach to managing liquidity risk is to ensure as far as possible that it will have sufficient funds to meet liabilities when due (see also Note 1).

Credit risk Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, restricted cash, deposits and accounts receivable. The Company limits its credit exposure on cash and cash equivalents and restricted cash by holding its deposits mainly with high credit quality financial institutions as determined by credit agencies. The carrying value of these financial assets represents the maximum exposure to credit risk. The Company has no history of credit loss and no allowance for credit loss recorded at March 31, 2024 and December 31, 2023.

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

The Company operates in Japan and is subject to foreign currency fluctuations primarily on its cash and accounts payable and accrued liabilities denominated in a currency other than Japanese yen ("Yen or ¥"). As at March 31, 2024, the Company limits its exposure by holding its cash mostly in Canadian dollar. Additionally, the Company is exposed to foreign exchange risk on non-Canadian denominated monetary assets and liabilities recorded in Japan Gold. As at March 31, 2024, every 1% of change in foreign exchange rate in either direction would result in change in net loss of approximately \$1,800.

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

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For the three months ended March 31, 2024 and March 31, 2023

(Unaudited - expressed in Canadian dollars)

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties, and to maintain a flexible capital structure. The Company considers items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or return capital to its shareholder.

The Company currently does not earn any revenue and has relied on existing cash balances and capital financing to fund its operations. The Company is currently not subject to externally imposed capital requirements.

There were no changes in the Company's approach to capital management for the period ended March 31, 2024.

10. SEGMENTED INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer. The Company has identified one reportable operating segment - the exploration and evaluation of mineral properties across the three largest islands of Japan: Hokkaido, Honshu and Kyushu.

The breakdown by geographic area as at March 31, 2024 is as follows:

		Canada		Japan	Consolidated
Current assets	\$	1,087,163	\$	184,124	\$ 1,271,287
Non-current assets		2,722,372		22,538,143	25,260,515
Total assets	\$	3,809,535	\$	22,722,267	\$ 26,531,802
Total liabilities	\$	204,623	\$	239,221	\$ 443,844

The breakdown by geographic area as at December 31, 2023 is as follows:

		Canada		Japan	Consolidated
Current assets	\$	2,147,425	\$	619,345	\$ 2,766,770
Non-current assets		2,879,053		23,112,464	25,991,517
Total assets	\$	5,026,478	\$	23,731,809	\$ 28,758,287
Total liabilities	\$	405,096	\$	406,815	\$ 811,911

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and March 31, 2023

(Unaudited - expressed in Canadian dollars)

11. SUBSEQUENT EVENTS

- a) In April 2024, the Company issued 200,000 stock options to a consultant. The stock options are exercisable at a price of \$0.20 per share for a period of five years with a vesting schedule of 25% on the grant date and 25% every six months thereafter.
- b) In April 2024, the Company granted 1,561,682 RSUs and 1,200,000 stock options to the President and Chief Operating Officer. The stock options have a five-year term and are exercisable at a price of \$0.20 per share. Both the RSUs and stock options vest and become exercisable over three years, 33.3% at the end of each year from the anniversary of the grant date.
- c) In April 2024, the Company closed a non-brokered private placement of unsecured convertible debentures (the "Debentures") for gross proceeds of US\$2,000,000 (CDN\$2,755,000) (the "Offering") to an existing strategic investor.

The Debentures will mature on April 29, 2027, being the date that is three years from the date of issuance (the "Maturity Date"). The principal amount of the Debentures is convertible, at the election of the Company after the initial four month hold period prior to the Maturity Date, into common shares of the Company at a price of \$0.13 per common share.

The Debentures bear interest from the date of issue until the Maturity Date or date of conversion at a rate of 10% per annum non-compounded and payable on the Maturity Date in common shares. Subject to TSX Venture Exchange ("TSXV") acceptance, any interest that has accrued in arrears on the principal amount outstanding under the Debentures will be payable in common shares at a price per share which equals the greater of the 'Market Price' (as that term is defined in the policies of the TSXV) or \$0.13 on the date the accrued interest becomes payable.

In connection with the Offering, the Company will seek disinterested shareholder approval for the creation of a control person at the Company's next annual general meeting, which is expected to be held in October 2024. If such approval is received, the outstanding principal amount under the Debentures will automatically convert ten days after the approval into common shares at a price of \$0.13 per common share, and the greater of Market Price and \$0.13 per common share, in the case of the interest.

- d) In May 2024, the Company granted 200,000 stock options to a director. The stock options are exercisable at \$0.20 per share for a period of five years, with one-third of the options vesting on grant and one-third of the options vesting every six months thereafter.
- e) In May 2024, all outstanding warrants issued by the Company expired unexercised.