



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2023 AND 2022**

(Unaudited - expressed in Canadian dollars)

JAPAN GOLD CORP.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
June 30, 2023

Notice of No Auditor Review

The accompanying unaudited condensed consolidated interim financial statements of Japan Gold Corp. for the six-month period ended June 30, 2023 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.

August 24, 2023

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

(Unaudited - expressed in Canadian dollars)

As at		June 30, 2023		December 31, 2022
Assets				
Current				
Cash and cash equivalents (Note 3)	\$	4,727,482	\$	2,139,425
Restricted cash (Note 4)		683,383		374,843
Accounts receivable		22,341		16,414
Prepaid expenses and deposits		220,279		206,212
		<u>5,653,485</u>		<u>2,736,894</u>
Non-Current Assets				
Deposit		69,666		76,380
Exploration and evaluation assets (Note 4)		23,935,884		25,357,978
Property, plant and equipment (Note 5)		221,539		305,982
		<u>29,880,574</u>		<u>28,477,234</u>
Total assets	\$	29,880,574	\$	28,477,234
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 7)	\$	1,114,065	\$	1,206,155
		<u>1,114,065</u>		<u>1,206,155</u>
Total liabilities		1,114,065		1,206,155
Shareholders' equity				
Share capital (Note 6)		59,659,032		53,598,471
Contributed surplus		6,674,459		6,715,164
Accumulated other comprehensive loss		(4,968,015)		(2,267,425)
Deficit		(32,598,967)		(30,775,131)
		<u>28,766,509</u>		<u>27,271,079</u>
Total shareholders' equity		28,766,509		27,271,079
Total liabilities and shareholders' equity	\$	29,880,574	\$	28,477,234

Nature and continuance of operations (Note 1)

Approved by the Board of Directors and authorized for issuance on August 24, 2023

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	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Expenses				
Consulting (Note 7)	\$ 81,600	\$ 109,495	\$ 165,546	\$ 215,576
Depreciation (Note 5)	1,398	2,111	2,764	3,366
Director fees	38,682	38,633	77,365	77,266
Filing and regulatory	37,729	5,479	69,703	34,668
Foreign exchange loss	14,771	16,430	37,808	53,241
Insurance	12,923	11,700	25,766	23,044
Investor relations	75,421	90,562	280,847	253,955
Management fees (Note 7)	198,000	216,000	366,000	357,000
Occupancy and office	78,463	84,494	166,679	165,039
Professional fees	131,216	73,896	228,408	103,872
Project evaluation (Note 7)	136,691	187,294	327,631	269,718
Share-based compensation (Note 6)	3,038	288,924	6,020	625,796
Transfer agent	3,762	2,227	5,891	4,310
Travel	8,909	21,118	86,825	33,586
Loss before other items	822,603	1,148,363	1,847,253	2,220,437
Other items				
Financing expense	-	5,049	-	5,419
Other income	-	-	(400)	-
Interest income	(4,204)	(4,522)	(23,017)	(5,310)
	(4,204)	527	(23,417)	109
Net loss for the period	818,399	1,148,890	1,823,836	2,220,546
Foreign exchange loss on translation of foreign operations	2,513,405	1,246,135	2,700,590	2,521,191
Net comprehensive loss for the period	\$ 3,331,804	\$ 2,395,025	\$ 4,524,426	\$ 4,741,737
Loss per share				
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding	242,960,809	224,890,479	234,282,606	224,890,479

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		June 30, 2023		June 30, 2022
Cash flows from operating activities				
Net loss for the period	\$	(1,823,836)	\$	(2,220,546)
Adjustments for:				
Share-based compensation (Note 6)		6,020		625,796
Depreciation (Note 5)		2,764		164,005
Financing expense		-		370
Interest income		(23,017)		(5,310)
Interest received		23,017		5,310
Unrealized foreign exchange loss		37,808		53,241
Changes in non-cash working capital items:				
Accounts receivable, prepaid expenses and deposits		(13,280)		8,462
Accounts payable and accrued liabilities		(410,747)		263,488
Net cash used in operating activities		(2,201,271)		(1,105,184)
Cash flows from investing activities				
Exploration and evaluation expenditure (Note 4)		(996,383)		(2,929,601)
Acquisition of property, plant and equipment (Note 5)		(8,125)		(248,190)
Reimbursements of Barrick Alliance expenditures, net		(122,429)		142,819
Net cash used in investing activities		(1,126,937)		(3,034,972)
Cash flows from financing activities				
Proceeds received from exercise of options (Note 6)		190,000		-
Proceeds received from private placement, net of issuance cost (Note 6)		5,823,836		-
Lease payments		-		(22,493)
Net cash from (used in) financing activities		6,013,836		(22,493)
Change in cash and cash equivalents during the period	\$	2,685,628	\$	(4,162,649)
Effect of foreign exchange on cash and cash equivalents		(97,571)		(42,000)
Cash and cash equivalents, beginning of the period		2,139,425		11,954,665
Cash and cash equivalents, end of the period	\$	4,727,482	\$	7,750,016

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 JUNE 30, 2023 AND JUNE 30, 2022

(Unaudited - expressed in Canadian dollars)

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total equity
Balance, December 31, 2021	224,890,479	53,598,471	5,903,327	(1,401,453)	(26,832,717)	31,267,628
Share-based compensation	-	-	625,796	-	-	625,796
Net loss for the period	-	-	-	-	(2,220,546)	(2,220,546)
Foreign currency translation	-	-	-	(2,521,191)	-	(2,521,191)
Balance, June 30, 2022	224,890,479	53,598,471	6,529,123	(3,922,644)	(29,053,263)	27,151,687

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive 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	-	-	6,020	-	-	6,020
Options exercised	975,000	341,230	-	-	-	341,230
Options forfeited	-	-	(151,230)	-	-	(151,230)
Shares issued for private placement, net of issuance cost	30,650,000	5,719,331	104,505	-	-	5,823,836
Net loss for the period	-	-	-	-	(1,823,836)	(1,823,836)
Foreign currency translation	-	-	-	(2,700,590)	-	(2,700,590)
Balance, June 30, 2023	256,515,479	59,659,032	6,674,459	(4,968,015)	(32,598,967)	28,766,509

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 and six months ended June 30, 2023 and June 30, 2022

(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. The Company has not generated any revenues or cash flows from operations to date. For the period ended June 30, 2023, the Company incurred negative cash flows from operations of \$2,201,271 and recorded a net loss of \$1,823,836. 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 through various alternatives. The Company’s ability to continue as a going concern is dependent on its ability to successfully raise additional funds. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES**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 unaudited condensed consolidated interim financial statements were approved for issuance by the Company’s Board of Directors on August 24, 2023.

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 and six months ended June 30, 2023 and June 30, 2022

(Unaudited - expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES**Significant accounting judgments and estimates**

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. 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 interim consolidated financial statements for the three and six months ended June 30, 2023, the Company applied the critical judgments and estimates disclosed in Note 2 of the audited consolidated financial statements for the year ended December 31, 2022.

3. CASH AND CASH EQUIVALENTS

As at June 30, 2023, the balance of cash and cash equivalents is \$4,727,482 (December 31, 2022: \$2,139,425) of which \$4,500,000 (December 31, 2022: \$1,700,000) is cash equivalents related to Guaranteed Investment Certificates (GICs) held during the period. During the period ended June 30, 2023, the Company redeemed \$1,700,000 of Canadian GIC's to fund operations (December 31, 2022: \$8,300,000).

4. EXPLORATION AND EVALUATION ASSETS

	Ikutahara project	Ohra- Takamine project	Tobaru project	Tobaru- Fuke project	Kamitsue project	Aibetsu project	Bajo project	Buho project	Usa project	Total
Balance, December 31, 2022	\$ 20,608,253	\$ 4,698,958	\$ 4,792	\$ -	\$ 16,900	\$ 2,520	\$ 5,892	\$ 18,209	\$ 2,454	\$ 25,357,978
Geoscience - consulting	499,589	124,005	370	766	955	-	5,413	7,246	1,251	639,595
Drilling	23,047	16,593	-	-	-	-	-	-	-	39,640
Insurance	23,600	2,109	-	-	-	-	-	-	-	25,709
Depreciation	49,654	14,534	-	-	-	-	-	-	-	64,188
Travel	28,405	28,570	-	-	-	-	1,823	799	2,859	62,456
Field supplies	116,181	57,354	2,700	21,250	8,156	-	15,003	3,093	5,248	228,985
Foreign currency translation adjustment	(1,987,724)	(485,226)	(720)	(1,771)	(2,363)	(270)	(1,909)	(1,830)	(854)	(2,482,667)
Balance, June 30, 2023	\$ 19,361,005	\$ 4,456,897	\$ 7,142	\$ 20,245	\$ 23,648	\$ 2,250	\$ 26,222	\$ 27,517	\$ 10,958	\$ 23,935,884

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

For the three and six months ended June 30, 2023 and June 30, 2022

(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 297,378 hectares over 35 separate projects on the three main islands of Japan. See below for a summary of the Company's current Prospecting Rights:

- 15 Prospecting Rights are granted at the Ikutahara Project (5,245 hectares), 23 rights expired in May 2023 and 18 of these applications were re-applied for and accepted by 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)

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, Tenyru, 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 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. 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.

During the period ended June 30, 2023, Barrick paid \$2,680,316 (US\$1,977,450) (December 31, 2022 - \$3,986,795 (US\$3,063,352)) 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. As at June 30, 2023, \$683,383 (US\$516,150) (December 31, 2022, \$374,843 or US\$276,759) is recorded as restricted cash representing amounts funded by Barrick in excess of amounts paid for exploration and evaluation expenditures.

Subsequent to the period ended June 30, 2023, the Company received additional funding of \$1,200,502 (US\$900,264). The Company has received total funding of \$15,091,004 (US\$11,493,659) for the Barrick Alliance activities. To date, Barrick has not declared any project as a Designated Project.

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

For the three and six months ended June 30, 2023 and June 30, 2022

(Unaudited - expressed in Canadian dollars)

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	-	-	-	-	9,281	9,281
Disposition	-	-	-	-	(1,156)	(1,156)
Foreign currency translation adjustment	(97,750)	(12,915)	(13,299)	(1,127)	(30,875)	(155,966)
At June 30, 2023	\$ 814,884	\$ 107,662	\$ 110,870	\$ 9,398	\$ 259,206	\$ 1,302,020
Accumulated depreciation						
At December 31, 2022	\$ 783,098	\$ 106,481	\$ 55,949	\$ -	\$ 198,351	\$ 1,143,879
Depreciation capitalized to exploration and evaluation assets	34,747	2,742	7,545	-	16,671	61,705
Depreciation expense	-	-	-	-	2,764	2,764
Foreign currency translation adjustment	(86,758)	(11,633)	(6,619)	-	(22,857)	(127,867)
At June 30, 2023	731,087	97,590	56,875	-	194,929	1,080,481
Net carrying value, December 31, 2022	\$ 129,536	\$ 14,096	\$ 68,220	\$ 10,525	\$ 83,605	\$ 305,982
Net carrying value, June 30, 2023	\$ 83,797	\$ 10,072	\$ 53,995	\$ 9,398	\$ 64,277	\$ 221,539

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.

During the period ended June 30, 2023, the Company closed non-brokered private placements and issued a total of 30,650,000 common shares at a price of \$0.20 per common share for gross proceeds of \$6,130,000. The Company paid total cash commission of \$279,500, incurred \$26,664 in professional fees and issued a total of 1,947,500 finder's warrants to arm's length finders. The finder's warrants are exercisable at C\$0.20 per share for a period of 12 months from the date of closing. The fair value of these warrants was determined to be \$104,505 using the Black-Scholes pricing model and the following weighted average assumptions: 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 established 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.

During the prior year ended December 31, 2022, the Company adopted a new omnibus equity incentive plan (the “Compensation Plan”) which was approved at the Company’s annual general meeting of stockholders held on October 20, 2022. 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 the following year 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.

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

For the three and six months ended June 30, 2023 and June 30, 2022

(Unaudited - expressed in Canadian dollars)

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

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2022	21,780,000	0.30
Exercised	(975,000)	0.19
Forfeited	(1,100,000)	0.39
Outstanding at June 30, 2023	19,705,000	\$ 0.30

The Company recorded share-based compensation expense of \$3,038 and \$6,020 for the three and six-month period ended June 30, 2023, respectively (June 30, 2022: \$288,924 and \$625,796), relating to the options that were granted in the prior years.

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

December 23, 2021	
Risk-free interest rate	0.16%
Expected life of options (in years)	5
Expected volatility	93%
Share price at grant date	\$ 0.27
Exercise price	\$ 0.35
Fair value	\$ 0.18
Forfeiture rate	-
Dividend rate	-

The following table summarizes information about the share options outstanding as at June 30, 2023:

Outstanding	Weighted average exercise price	Expiry date	Weighted average remaining life (years)
120,000	\$ 0.27	June 3, 2024	0.92
3,074,950	0.40	September 15, 2026	3.21
275,000	0.40	October 28, 2026	3.33
1,400,050	0.16	December 13, 2028	5.46
4,330,000	0.20	January 24, 2029	5.57
4,215,000	0.30	May 13, 2030	6.87
6,290,000	0.35	December 23, 2026	3.48
19,705,000	\$ 0.30		4.72

As at June 30, 2023, the Company has 19,705,000 options issued and outstanding where 19,705,000 options are exercisable as at June 30, 2023, with a weighted average exercise price of \$0.30.

Subsequent to the period ended June 30, 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.

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

For the three and six months ended June 30, 2023 and June 30, 2022

(Unaudited - expressed in Canadian dollars)

6. SHARE CAPITAL (continued)**Warrants**

The following table summarizes information about the share purchase warrants outstanding as at June 30, 2023:

Outstanding	Weighted average exercise price	Expiry date	Weighted average remaining life (years)
1,925,000 \$	0.20	May 9, 2024	0.86
22,500	0.20	May 26, 2024	0.91
1,947,500 \$	0.20		0.86

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

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

	Three month period ended June 30, 2023	Three month period ended June 30, 2022	Six month period ended June 30, 2023	Six month period ended June 30, 2022
Management fees	\$ 198,000	\$ 216,000	\$ 366,000	\$ 357,000
Consulting fees	22,212	54,744	45,038	112,622
Director fees	38,682	38,633	77,365	77,266
Project evaluation	37,788	36,171	98,755	81,342
Share-based compensation	3,038	288,924	6,020	625,796

During the six-month period ended June 30, 2023, the Company incurred \$366,000 (June 30, 2022: \$357,000) in management fees for administrative, finance and accounting services and certain office expenses to a private company controlled by the Chief Executive Officer of the Company. The Company also reimbursed \$38,500 in occupancy costs during the period ended June 30, 2023 (June 30, 2022: \$36,565).

The Company incurred \$98,755 in consulting fees for project evaluation to an officer of the Company during the period ended June 30, 2023 (June 30, 2022: \$81,342). As at June 30, 2023, \$16,619 (December 31, 2022: \$15,087) of these fees were outstanding and payable to the officer.

The Company paid \$45,038 in consulting fees (June 30, 2022: \$28,622) to the General Manager of Exploration of the Company. As at June 30, 2023, \$Nil (December 31, 2022: \$7,823) of these fees were outstanding and payable.

Other related party transactions

During the period ended June 30, 2023, Southern Arc, a company with common directors and management, charged the Company \$10,843 in office expenses (June 30, 2022: \$12,366). As at June 30, 2023, \$4,396 (December 31, 2022: \$6,469) of these fees were included in accounts payable and accrued liabilities.

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

JAPAN GOLD CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended June 30, 2023 and June 30, 2022

(Unaudited - expressed in Canadian dollars)

8. FINANCIAL INSTRUMENTS

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 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, including accounts payable and accrued liabilities and the current portion of lease liabilities are classified as current. The Company's approach to managing liquidity risk is to ensure 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 with high credit quality financial institutions as determined by credit agencies. The carrying value of these financial assets represents the maximum exposure to credit risk.

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

The Company operates in Japan and is subject to foreign currency fluctuations primarily on its cash and accounts payable and accrued liabilities denominated in a currency other than Japanese yen ("Yen or ¥"). As at June 30, 2023, this exposure is minimal. Additionally, the Company is exposed to foreign exchange risk on non-Canadian denominated monetary assets and liabilities recorded in Japan Gold. As at June 30, 2023, every 1% of change in foreign exchange rate in either direction would result in change in net loss of approximately \$2,296.

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.

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

For the three and six months ended June 30, 2023 and June 30, 2022

(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 June 30, 2023.

10. SEGMENTED INFORMATION

The breakdown by geographic area as at June 30, 2023 is as follows:

		Canada		Japan	Consolidated
Current assets	\$	4,936,839	\$	716,646	\$ 5,653,485
Non-current assets		2,934,373		21,292,716	24,227,089
Total assets	\$	7,871,212	\$	22,009,362	\$ 29,880,574
Total liabilities	\$	283,629	\$	830,436	\$ 1,114,065

The breakdown by geographic area as at December 31, 2022 is as follows:

		Canada		Japan	Consolidated
Current assets	\$	2,147,954	\$	588,940	\$ 2,736,894
Non-current assets		3,217,843		22,522,497	25,740,340
Total assets	\$	5,365,797	\$	23,111,437	\$ 28,477,234
Total liabilities	\$	290,630	\$	915,525	\$ 1,206,155