



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE MONTHS ENDED
MARCH 31, 2023 AND 2022**

(Unaudited - expressed in Canadian dollars)

JAPAN GOLD CORP.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
March 31, 2023

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, 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.

May 26, 2023

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

(Unaudited - expressed in Canadian dollars)

As at		March 31, 2023		December 31, 2022
Assets				
Current				
Cash and cash equivalents (Note 3)	\$	428,440	\$	2,139,425
Restricted cash (Note 4)		386,784		374,843
Accounts receivable		22,109		16,414
Prepaid expenses and deposits		206,322		206,212
		1,043,655		2,736,894
Non-Current Assets				
Deposit		77,339		76,380
Exploration and evaluation assets (Note 4)		25,821,979		25,357,978
Property, plant and equipment (Note 5)		270,772		305,982
Total assets	\$	27,213,745	\$	28,477,234
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 7)	\$	942,306	\$	1,206,155
Total liabilities		942,306		1,206,155
Shareholders' equity				
Share capital (Note 6)		53,939,701		53,598,471
Contributed surplus		6,566,916		6,715,164
Accumulated other comprehensive loss		(2,454,610)		(2,267,425)
Deficit		(31,780,568)		(30,775,131)
Total shareholders' equity		26,271,439		27,271,079
Total liabilities and shareholders' equity	\$	27,213,745	\$	28,477,234

Nature and continuance of operations (Note 1)
Subsequent events (Note 11)

Approved by the Board of Directors and authorized for issuance on May 26, 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	March 31, 2023	March 31, 2022
Expenses		
Consulting (Note 7)	\$ 83,946	\$ 106,081
Depreciation (Note 5)	1,366	1,255
Director fees	38,683	38,633
Filing and regulatory	31,974	29,189
Foreign exchange loss	23,037	36,811
Insurance	12,843	11,344
Investor relations	205,426	163,393
Management fees (Note 7)	168,000	141,000
Occupancy and office	88,216	80,545
Professional fees	97,192	29,976
Project evaluation (Note 7)	190,940	82,424
Share-based compensation (Note 6)	2,982	336,872
Transfer agent	2,129	2,083
Travel	77,916	12,468
Loss before other items	1,024,650	1,072,074
Other items		
Financing expense	-	370
Other income	(400)	-
Interest income	(18,813)	(788)
	(19,213)	(418)
Net loss for the period	1,005,437	1,071,656
Foreign exchange loss on translation of foreign operations	187,185	1,275,056
Net comprehensive loss for the period	\$ 1,192,622	\$ 2,346,712
Loss per share		
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding	225,507,979	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		March 31, 2023		March 31, 2022
Cash flows from operating activities				
Net loss for the period	\$	(1,005,437)	\$	(1,071,656)
Adjustments for:				
Share-based compensation (Note 6)		2,982		336,872
Depreciation (Note 5)		1,366		3,855
Financing expense		-		370
Interest income		(18,813)		-
Interest received		18,813		-
Unrealized foreign exchange loss		23,037		36,811
Changes in non-cash working capital items:				
Accounts receivable, prepaid expenses and deposits		(6,764)		24,775
Accounts payable and accrued liabilities		(40,280)		(205,213)
Net cash used in operating activities		(1,025,096)		(874,186)
Cash flows from investing activities				
Exploration and evaluation expenditure (Note 4)		(628,448)		(1,184,661)
Acquisition of property, plant and equipment (Note 5)		-		(5,390)
Reimbursements of Barrick Alliance expenditures, net		(245,038)		192,171
Net cash used in investing activities		(873,486)		(997,880)
Cash flows from financing activities				
Proceeds received from exercise of options (Note 6)		190,000		-
Lease payments		-		(22,493)
Net cash from (used in) financing activities		190,000		(22,493)
Change in cash and cash equivalents during the period	\$	(1,708,582)	\$	(1,894,559)
Effect of foreign exchange on cash and cash equivalents		(2,403)		(185,413)
Cash and cash equivalents, beginning of the period		2,139,425		11,954,665
Cash and cash equivalents, end of the period	\$	428,440	\$	9,874,693

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, 2023 AND MARCH 31, 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	-	-	336,872	-	-	336,872
Net loss for the period	-	-	-	-	(1,071,656)	(1,071,656)
Foreign currency translation	-	-	-	(1,275,056)	-	(1,275,056)
Balance, March 31, 2022	224,890,479	53,598,471	6,240,199	(2,676,509)	(27,904,373)	29,257,788

	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	-	-	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

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, 2023 and March 31, 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 March 31, 2023, the Company incurred negative cash flows from operations of \$1,025,096 and recorded a net loss of \$1,005,437. 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. 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 May 26, 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 months ended March 31, 2023 and March 31, 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 months ended March 31, 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 March 31, 2023, the balance of cash and cash equivalents is \$428,440 (December 31, 2022: \$2,139,425) of which \$250,000 (December 31, 2022: \$1,700,000) is cash equivalents related to Guaranteed Investment Certificates (GICs) held during the period. During the period ended March 31, 2023, the Company redeemed \$1,450,000 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	Kamitsu- sue 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	422,250	67,403	370	690	425	-	407	4,091	138	495,774
Drilling	21,407	-	-	-	-	-	-	-	-	21,407
Insurance	11,530	870	-	-	-	-	-	-	-	12,400
Depreciation	25,246	7,428	-	-	-	-	-	-	-	32,674
Travel	15,805	1,798	-	-	-	-	6,148	2,972	2,631	29,354
Field supplies	41,453	20,346	-	-	-	-	4,516	1,599	1,599	69,513
Foreign currency translation adjustment	(158,760)	(37,660)	(39)	-	(138)	(22)	(51)	(426)	(25)	(197,121)
Balance, March 31, 2023	\$ 20,987,184	\$ 4,759,143	\$ 5,123	\$ 690	\$ 17,187	\$ 2,498	\$ 16,912	\$ 26,445	\$ 6,797	\$ 25,821,979

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

For the three months ended March 31, 2023 and March 31, 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 297,538 hectares over 34 separate projects on the three main islands of Japan. See below for a summary of the Company's current 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)
- 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, 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 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 March 31, 2023, Barrick paid \$844,196 (US\$622,380) (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 March 31, 2023, \$386,784 (US\$285,808) (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 March 31, 2023, the Company received additional funding of \$1,836,120 (US\$1,355,070). Including the amounts received subsequent to March 31, 2023, the Company has received total funding of \$13,890,502 (US\$10,593,395) 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 months ended March 31, 2023 and March 31, 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	-	-	-	-	-	-
Disposition	-	-	-	-	(1,156)	(1,156)
Foreign currency translation adjustment	(7,998)	(1,057)	(1,088)	(92)	(2,466)	(12,701)
At March 31, 2023	\$ 904,636	\$ 119,520	\$ 123,081	\$ 10,433	\$ 278,334	\$ 1,436,004
Accumulated depreciation						
At December 31, 2022	\$ 783,098	\$ 106,481	\$ 55,949	\$ -	\$ 198,351	\$ 1,143,879
Depreciation capitalized to exploration and evaluation assets	17,760	1,401	3,856	-	7,123	30,140
Depreciation expense	-	-	-	-	1,366	1,366
Foreign currency translation adjustment	(6,935)	(939)	(506)	-	(1,773)	(10,153)
At March 31, 2023	793,923	106,943	59,299	-	205,067	1,165,232
Net carrying value, December 31, 2022	\$ 129,536	\$ 14,096	\$ 68,220	\$ 10,525	\$ 83,605	\$ 305,982
Net carrying value, March 31, 2023	\$ 110,713	\$ 12,577	\$ 63,782	\$ 10,433	\$ 73,267	\$ 270,772

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.

Subsequent to the period ended March 31, 2023, the Company closed the first tranche of a non-brokered private placement and issued a total of 28,500,000 common shares at a price of \$0.20 per common share for gross proceeds of \$5,700,000. The Company paid a cash commission of \$275,000 and issued a total of 1,925,000 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.

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 months ended March 31, 2023 and March 31, 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)	-
Forfeited	(1,100,000)	-
Outstanding at March 31, 2023	19,705,000	\$ 0.30

The Company recorded share-based compensation expense of \$2,982 for the period ended March 31, 2023 (March 31, 2022: \$336,872) 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 March 31, 2023:

Outstanding	Weighted average exercise price	Expiry date	Weighted average remaining life (years)
120,000	\$ 0.27	June 3, 2024	1.17
3,074,950	0.40	September 15, 2026	3.46
275,000	0.40	October 28, 2026	3.58
1,400,050	0.16	December 13, 2028	5.71
4,330,000	0.20	January 24, 2029	5.82
4,215,000	0.30	May 13, 2030	7.12
6,290,000	0.35	December 23, 2026	3.73
19,705,000	\$ 0.30		4.97

As at March 31, 2023, the Company has 19,705,000 options issued and outstanding where 19,604,998 options are exercisable as at March 31, 2023 with a weighted average exercise price of \$0.30.

Warrants

As at March 31, 2023, the Company has no warrants issued and outstanding.

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

For the three months ended March 31, 2023 and March 31, 2022

(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 consists of the following:

	Period ended		Period ended	
	March 31, 2023		March 31, 2022	
Management fees	\$	168,000	\$	141,000
Project evaluation-consulting	\$	60,967	\$	45,171
Consulting fees	\$	22,826	\$	57,878
Director fees	\$	38,683	\$	38,633
Share-based compensation	\$	2,982	\$	336,872

During the period ended March 31, 2023, the Company incurred \$168,000 (March 31, 2022: \$141,000) 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 \$19,200 in occupancy costs during the period ended March 31, 2023 (March 31, 2022: \$15,900).

The Company incurred \$60,967 in consulting fees for project evaluation to an officer of the Company during the period ended March 31, 2023 (March 31, 2022: \$45,171). As at March 31, 2023, \$60,471 (December 31, 2022: \$15,087) of these fees were outstanding and payable to the officer.

The Company paid \$22,826 in consulting fees (March 31, 2022: \$15,878) to the General Manager of Exploration of the Company. As at March 31, 2023, \$Nil (December 31, 2022: \$7,823) of these fees were outstanding and payable.

Other related party transactions

During the period ended March 31, 2023, Southern Arc, a company with common directors and management, charged the Company \$6,446 in office expenses (March 31, 2022: \$6,336 in rent and office expenses). As at March 31, 2023, \$6,446 (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 months ended March 31, 2023 and March 31, 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 mainly with high credit quality financial institutions as determined by credit agencies. The carrying value of these financial assets represents the maximum exposure to credit risk.

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

The Company operates in Japan and is subject to foreign currency fluctuations primarily on its cash and accounts payable and accrued liabilities denominated in a currency other than Japanese yen ("Yen or ¥"). As at March 31, 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 March 31, 2023, every 1% of change in foreign exchange rate in either direction would result in change in net loss of approximately \$2,179.

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 months ended March 31, 2023 and March 31, 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 March 31, 2023.

10. SEGMENTED INFORMATION

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

		Canada		Japan		Consolidated
Current assets	\$	729,666	\$	313,989	\$	1,043,655
Non-current assets		3,123,835		23,046,255		26,170,090
Total assets	\$	3,853,501	\$	23,360,244	\$	27,213,745
Total liabilities	\$	550,445	\$	391,861	\$	942,306

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

11. SUBSEQUENT EVENTS

Subsequent to the period ended March 31, 2023, the Company closed the first tranche of a non-brokered private placement and issued a total of 28,500,000 common shares at a price of \$0.20 per common share for gross proceeds of \$5,700,000. The Company paid a cash commission of \$275,000 and issued a total of 1,925,000 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.