



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2023 AND 2022**

(Unaudited - expressed in Canadian dollars)

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

Notice of No Auditor Review

The accompanying unaudited condensed consolidated interim financial statements of Japan Gold Corp. for the nine-month period ended September 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.

November 16, 2023

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

(Unaudited - expressed in Canadian dollars)

As at		September 30, 2023		December 31, 2022
Assets				
Current				
Cash and cash equivalents (Note 3)	\$	3,401,108	\$	2,139,425
Restricted cash (Note 4)		577,976		374,843
Accounts receivable		9,396		16,414
Prepaid expenses and deposits		160,354		206,212
		4,148,834		2,736,894
Non-Current Assets				
Deposit		68,754		76,380
Exploration and evaluation assets (Note 4)		24,374,441		25,357,978
Property, plant and equipment (Note 5)		192,243		305,982
		28,784,272		28,477,234
Total assets	\$	28,784,272	\$	28,477,234
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 7)	\$	1,046,926	\$	1,206,155
		1,046,926		1,206,155
Shareholders' equity				
Share capital (Note 6)		59,659,032		53,598,471
Contributed surplus		6,685,699		6,715,164
Accumulated other comprehensive loss		(5,329,068)		(2,267,425)
Deficit		(33,278,317)		(30,775,131)
		27,737,346		27,271,079
Total liabilities and shareholders' equity	\$	28,784,272	\$	28,477,234

Nature and continuance of operations (Note 1)

Approved by the Board of Directors and authorized for issuance on November 16, 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)

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
For the periods ended				
Expenses				
Consulting (Note 7)	\$ 97,391	\$ 103,819	\$ 262,937	\$ 319,395
Depreciation (Note 5)	680	905	3,444	4,271
Director fees	42,145	38,633	119,510	115,899
Filing and regulatory	130	150	69,833	34,818
Foreign exchange loss	7,964	34,739	45,772	87,980
Insurance	13,005	12,072	38,771	35,116
Investor relations	121,240	81,311	402,087	335,266
Management fees (Note 7)	98,000	167,000	464,000	524,000
Occupancy and office	77,823	72,493	244,502	237,532
Professional fees	101,279	67,260	329,687	171,132
Project evaluation (Note 7)	129,101	110,225	456,732	379,943
Share-based compensation (Note 6)	11,240	86,320	17,260	712,116
Transfer agent	6,295	3,716	12,186	8,026
Travel	26,287	32,790	113,112	66,376
Loss before other items	732,580	811,433	2,579,833	3,031,870
Other items				
Financing expense	-	(161)	-	5,258
Other income	-	-	(400)	-
Interest income	(53,230)	(21,465)	(76,247)	(26,775)
	(53,230)	(21,626)	(76,647)	(21,517)
Net loss for the period	679,350	789,807	2,503,186	3,010,353
Foreign exchange loss on translation of foreign operations	361,053	72,096	3,061,643	2,593,287
Net comprehensive loss for the period	\$ 1,040,403	\$ 861,903	\$ 5,564,829	\$ 5,603,640
Loss per share				
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding	256,515,479	224,890,479	241,775,003	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		September 30, 2023		September 30, 2022
Cash flows from operating activities				
Net loss for the period	\$	(2,503,186)	\$	(3,010,353)
Adjustments for:				
Share-based compensation (Note 6)		17,260		712,116
Depreciation (Note 5)		3,444		4,271
Financing expense		-		370
Interest income		(76,247)		(26,775)
Interest received		76,247		26,775
Unrealized foreign exchange loss		45,772		87,980
Changes in non-cash working capital items:				
Accounts receivable, prepaid expenses and deposits		60,502		62,812
Accounts payable and accrued liabilities		(407,778)		363,730
Net cash used in operating activities		(2,783,986)		(1,779,074)
Cash flows from investing activities				
Exploration and evaluation expenditure (Note 4)		(1,706,933)		(5,127,729)
Acquisition of property, plant and equipment (Note 5)		(7,933)		(170,472)
Reimbursements of Barrick Alliance expenditures, net		(96,608)		91,019
Net cash used in investing activities		(1,811,474)		(5,207,182)
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	\$	1,418,376	\$	(7,008,749)
Effect of foreign exchange on cash and cash equivalents		(156,693)		(56,719)
Cash and cash equivalents, beginning of the period		2,139,425		11,954,665
Cash and cash equivalents, end of the period	\$	3,401,108	\$	4,889,197

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 SEPTEMBER 30, 2023 AND SEPTEMBER 30, 2022

(Unaudited - expressed in Canadian dollars)

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive 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	-	-	712,116	-	-	712,116
Net loss for the period	-	-	-	-	(3,010,353)	(3,010,353)
Foreign currency translation	-	-	-	(2,593,287)	-	(2,593,287)
Balance, September 30, 2022	224,890,479	53,598,471	6,615,443	(3,994,740)	(29,843,070)	26,376,104

	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	-	-	17,260	-	-	17,260
Options exercised	975,000	341,230	(151,230)	-	-	190,000
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	-	-	-	-	(2,503,186)	(2,503,186)
Foreign currency translation	-	-	-	(3,061,643)	-	(3,061,643)
Balance, September 30, 2023	256,515,479	59,659,032	6,685,699	(5,329,068)	(33,278,317)	27,737,346

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 nine months ended September 30, 2023 and September 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 September 30, 2023, the Company incurred negative cash flows from operations of \$2,783,986 and recorded a net loss of \$2,503,186. 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 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 November 16, 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 nine months ended September 30, 2023 and September 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 nine months ended September 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 September 30, 2023, the balance of cash and cash equivalents is \$3,401,108 (December 31, 2022: \$2,139,425) of which \$3,300,000 (December 31, 2022: \$1,700,000) is cash equivalents related to Guaranteed Investment Certificates (GICs) held during the period. During the period ended September 30, 2023, the Company redeemed \$2,900,000 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	803,520	320,002	1,436	6,417	1,004	-	14,844	15,672	2,751	1,165,646
Drilling	32,199	93,703	-	-	-	-	-	-	-	125,902
Insurance	35,116	3,110	-	-	-	-	-	-	-	38,226
Depreciation	70,432	19,974	-	-	-	-	-	-	-	90,406
Travel	58,182	33,313	21	299	-	-	4,432	1,489	278	98,014
Field supplies	135,127	88,592	2,650	20,942	7,964	-	14,722	3,024	6,124	279,145
Foreign currency translation adjustment	(2,214,563)	(555,626)	(786)	(1,748)	(2,453)	(299)	(2,225)	(2,419)	(757)	(2,780,876)
Balance, September 30, 2023	\$ 19,528,266	\$ 4,702,026	\$ 8,113	\$ 25,910	\$ 23,415	\$ 2,221	\$ 37,665	\$ 35,975	\$ 10,850	\$ 24,374,441

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

For the three and nine months ended September 30, 2023 and September 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 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.

During the nine-month period ended September 30, 2023, Barrick paid \$3,880,818 (US\$2,877,714) (December 31, 2022 - \$3,986,795 or 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 September 30, 2023, \$577,976 (US\$427,497) (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. The Company has received total funding of \$15,091,004 (US\$11,493,659) for the Barrick Alliance activities to date. Barrick has not yet declared any project as a Designated Project.

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

For the three and nine months ended September 30, 2023 and September 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	-	-	-	-	9,598	9,598
Disposition	-	-	-	-	(1,665)	(1,665)
Foreign currency translation adjustment	(108,414)	(14,324)	(14,750)	(1,250)	(34,075)	(172,813)
At September 30, 2023	\$ 804,220	\$ 106,253	\$ 109,419	\$ 9,275	\$ 255,814	\$ 1,284,981
Accumulated depreciation						
At December 31, 2022	\$ 783,098	\$ 106,481	\$ 55,949	\$ -	\$ 198,351	\$ 1,143,879
Depreciation capitalized to exploration and evaluation assets	50,248	3,570	11,050	-	23,114	87,982
Depreciation expense	-	-	-	-	3,444	3,444
Foreign currency translation adjustment	(96,698)	(12,911)	(7,454)	-	(25,504)	(142,567)
At September 30, 2023	736,648	97,140	59,545	-	199,405	1,092,738
Net carrying value, December 31, 2022	\$ 129,536	\$ 14,096	\$ 68,220	\$ 10,525	\$ 83,605	\$ 305,982
Net carrying value, September 30, 2023	\$ 67,572	\$ 9,113	\$ 49,874	\$ 9,275	\$ 56,409	\$ 192,243

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 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 nine months ended September 30, 2023 and September 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)
Granted	200,000	0.20
Outstanding at September 30, 2023	19,905,000	\$ 0.30

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 \$11,240 and \$17,260 for the three and nine-month period ended September 30, 2023, respectively (September 30, 2022: \$86,320 and \$712,116), 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:

		July 4, 2023
Risk-free interest rate		3.28%
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 September 30, 2023:

Outstanding		Weighted average exercise price	Expiry date	Weighted average remaining life (years)
120,000	\$	0.27	June 3, 2024	0.67
3,074,950		0.40	September 15, 2026	2.96
275,000		0.40	October 28, 2026	3.08
1,400,050		0.16	December 13, 2028	5.21
4,330,000		0.20	January 24, 2029	5.32
4,215,000		0.30	May 13, 2030	6.62
6,290,000		0.35	December 23, 2026	3.23
200,000		0.20	July 4, 2028	4.76
19,905,000	\$	0.30		4.50

As at September 30, 2023, the Company has 19,905,000 options issued and outstanding where 19,755,000 options are exercisable as at June 30, 2023, with a weighted average exercise price of \$0.30.

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

For the three and nine months ended September 30, 2023 and September 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 September 30, 2023:

Outstanding	Weighted average exercise price	Expiry date	Weighted average remaining life (years)
1,925,000 \$	0.20	May 9, 2024	0.61
22,500	0.20	May 26, 2024	0.66
1,947,500 \$	0.20		0.61

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 September 30, 2023	Three month period ended September 30, 2022	Nine month period ended September 30, 2023	Nine month period ended September 30, 2022
Management fees	\$ 98,000	\$ 167,000	\$ 464,000	\$ 524,000
Consulting fees	20,768	59,914	65,806	172,536
Director fees	42,145	38,633	119,510	115,899
Project evaluation	39,088	39,594	137,843	120,936
Share-based compensation	11,240	86,320	17,260	712,116

During the nine-month period ended September 30, 2023, the Company incurred \$464,000 (September 30, 2022: \$524,000) 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 \$57,700 in occupancy costs during the period ended September 30, 2023 (September 30, 2022: \$52,965).

The Company incurred \$137,843 in consulting fees for project evaluation to an officer of the Company during the period ended September 30, 2023 (September 30, 2022: \$120,936). As at September 30, 2023, \$9,050 (December 31, 2022: \$15,087) of these fees were outstanding and payable to the officer.

The Company paid \$65,806 in consulting fees (September 30, 2022: \$172,536) to the General Manager of Exploration of the Company. As at September 30, 2023, \$Nil (December 31, 2022: \$7,823) of these fees were outstanding and payable.

Other related party transactions

During the period ended September 30, 2023, Southern Arc, a company with common directors and management, charged the Company \$10,843 in office expenses (September 30, 2022: \$18,687). As at September 30, 2023, \$Nil (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 nine months ended September 30, 2023 and September 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 September 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 September 30, 2023, every 1% of change in foreign exchange rate in either direction would result in change in net loss of approximately \$3,190.

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 nine months ended September 30, 2023 and September 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 shareholders.

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 September 30, 2023.

10. SEGMENTED INFORMATION

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

		Canada		Japan	Consolidated
Current assets	\$	4,011,252	\$	137,582	\$ 4,148,834
Non-current assets		2,949,254		21,686,184	24,635,438
Total assets	\$	6,960,506	\$	21,823,766	\$ 28,784,272
Total liabilities	\$	189,560	\$	857,366	\$ 1,046,926

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