



CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023**

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Japan Gold Corp.

Opinion

We have audited the accompanying consolidated financial statements of Japan Gold Corp. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred negative cash flows from operations of \$3,352,612 and recorded a net loss of \$4,156,605. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of Japan Gold Corp. for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on April 29, 2024.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.



Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 4 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$26,299,033 as of December 31, 2024. As more fully described in Note 2 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Assessing compliance with agreements and expenditure requirements including reviewing agreements.
- Obtaining, on a test basis, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Glenn Parchomchuk.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 29, 2025

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

(Expressed in Canadian dollars)

As at	December 31, 2024	December 31, 2023
Assets		
Current		
Cash and cash equivalents (Note 3)	\$ 80,230	\$ 1,968,831
Restricted cash (Note 4)	237	572,685
Accounts receivable	735,306	48,436
Prepaid expenses and deposits	54,191	176,818
	869,964	2,766,770
Non-current assets		
Deposit	69,666	71,033
Exploration and evaluation assets (Note 4)	26,299,033	25,735,463
Property, plant and equipment (Note 5)	198,919	185,021
Total assets	\$ 27,437,582	\$ 28,758,287
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 940,048	\$ 811,911
Total liabilities	940,048	811,911
Shareholders' equity		
Share capital (Notes 6 and 7)	62,525,066	59,659,032
Contributed surplus	6,937,228	6,691,075
Accumulated other comprehensive loss	(4,761,437)	(4,357,013)
Deficit	(38,203,323)	(34,046,718)
Total shareholders' equity	26,497,534	27,946,376
Total liabilities and shareholders' equity	\$ 27,437,582	\$ 28,758,287

Nature and continuance of operations (Note 1)

Subsequent events (Notes 4, 7 and 13)

Approved by the Board of Directors and authorized for issuance on April 24, 2025:

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

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

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

(Expressed in Canadian dollars)

For the years ended	December 31, 2024	December 31, 2023
Expenses		
Consulting (Note 8)	\$ 478,622	\$ 559,519
Depreciation (Note 5)	4,893	4,134
Director fees (Note 8)	153,566	158,193
Filing and regulatory	39,563	69,963
Foreign exchange loss	74,568	25,839
Insurance	92,338	54,763
Investor relations	445,399	531,138
Management fees (Note 8)	640,924	428,000
Occupancy and office (Note 8)	317,616	349,197
Professional fees	368,528	376,113
Project evaluation (Note 8)	824,203	586,236
Share-based compensation (Notes 7 and 8)	246,153	22,636
Transfer agent	20,372	21,879
Travel	173,275	177,013
Loss before other items	3,880,020	3,364,623
Other items		
Impairment (Note 4)	206,142	-
Interest income	(74,478)	(92,636)
Interest expense (Note 6)	144,921	-
Other income	-	(400)
	276,585	(93,036)
Net loss for the year	4,156,605	3,271,587
Foreign exchange loss on translation of foreign operations	404,424	2,089,588
Net comprehensive loss for the year	\$ 4,561,029	\$ 5,361,175
Loss per share		
Basic and diluted loss per share	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding	259,872,393	245,490,411

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

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

(Expressed in Canadian dollars)

For the years ended	December 31, 2024	December 31, 2023
Cash flows from operating activities		
Net loss for the year	\$ (4,156,605)	\$ (3,271,587)
Adjustments for:		
Share-based compensation (Note 7)	246,153	22,636
Depreciation (Note 5)	4,893	4,134
Impairment (Note 4)	206,142	-
Interest income	(74,478)	(92,636)
Interest expense (Note 6)	144,921	-
Unrealized foreign exchange loss	74,568	25,839
Changes in non-cash working capital items:		
Accounts receivable, prepaid expenses and deposits	(562,876)	2,719
Accounts payable and accrued liabilities	764,670	(22,579)
Net cash used in operating activities	(3,352,612)	(3,331,474)
Cash flows from investing activities		
Exploration and evaluation expenditures (Note 4)	(1,102,627)	(2,261,072)
Acquisition of property, plant and equipment, net (Note 5)	(106,488)	(7,823)
Reimbursements of Barrick Alliance expenditures, net (Note 4)	(56,928)	(560,290)
Interest received	74,478	92,636
Net cash used in investing activities	(1,191,565)	(2,736,549)
Cash flows from financing activities		
Proceeds received from private placement, net of issuance costs (Note 7)	-	5,823,836
Proceeds received from convertible debt, net of issuance costs (Note 6)	2,721,114	-
Proceeds received from exercise of options (Note 7)	-	190,000
Net cash from financing activities	2,721,114	6,013,836
Change in cash and cash equivalents during the year	\$ (1,823,063)	\$ (54,187)
Effect of foreign exchange on cash and cash equivalents	(65,538)	(116,407)
Cash and cash equivalents, beginning of the year	1,968,831	2,139,425
Cash and cash equivalents, end of the year	\$ 80,230	\$ 1,968,831

Supplemental Cash Flow Information

During the year ended December 31, 2024, there was a conversion of \$2,899,921 of convertible debt to 22,338,738 common shares.
During the year ended December 31, 2023, there were no non-cash financing activities.

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

JAPAN GOLD CORP.**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

FOR THE YEARS ENDED DECEMBER 31, 2024 AND DECEMBER 31, 2023

(Expressed in Canadian dollars)

	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	-	-	22,636	-	-	22,636
Options exercised (Note 7)	975,000	341,230	(151,230)	-	-	190,000
Shares issued for private placement, net of issuance costs (Note 7)	30,650,000	5,719,331	104,505	-	-	5,823,836
Net loss for the year	-	-	-	-	(3,271,587)	(3,271,587)
Foreign currency translation	-	-	-	(2,089,588)	-	(2,089,588)
Balance, December 31, 2023	256,515,479	59,659,032	6,691,075	(4,357,013)	(34,046,718)	27,946,376
Share-based compensation	-	-	246,153	-	-	246,153
Recognition of convertible debt (Note 6)	-	-	2,755,000	-	-	2,755,000
Transaction costs (Note 6)	-	-	(33,887)	-	-	(33,887)
Shares issued for convertible debt conversion, net of issuance costs (Notes 6 and 7)	22,338,738	2,866,034	(2,721,113)	-	-	144,921
Net loss for the year	-	-	-	-	(4,156,605)	(4,156,605)
Foreign currency translation	-	-	-	(404,424)	-	(404,424)
Balance, December 31, 2024	278,854,217	\$ 62,525,066	\$ 6,937,228	\$ (4,761,437)	\$ (38,203,323)	\$ 26,497,534

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

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 consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they become due. The Company has not generated any revenues or cash flows from operations to date. For the year ended December 31, 2024, the Company incurred negative cash flows from operations of \$3,352,612 and recorded a net loss of \$4,156,605. The Company’s ability to continue as a going concern is dependent on its ability to successfully raise additional financing, entering into a joint venture, sale of all or a portion of the Company’s assets, the outright sale of the Company, the successful development of the Company’s mineral property interests, or a combination thereof. The Company believes that it will be able to continue as a going concern for the foreseeable future based on the Company’s historical and anticipated ability to raise additional financing to further advance its projects. However, the Company will continue to incur negative cash flows from operations and the Company will require additional funding in the future. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern. These consolidated financial statements do not give effect to any adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of presentation

These consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are stated at fair value.

These consolidated financial statements were approved for issuance by the Company’s Board of Directors on April 24, 2025.

Basis of consolidation

These consolidated 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Significant accounting judgments and estimates

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

Estimation uncertainty

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

- i) The application of the Company's accounting policy for exploration and evaluation expenditures and the assessment of impairment indicators requires the use of estimates in determining whether it is likely that future economic benefits will flow to the Company. These estimates often rely on assumptions regarding future events or circumstances and are subject to change as new information becomes available. If, after an expenditure has been capitalized, new information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available. Ownership of exploration and evaluation assets involves certain inherent risks, including geological, commodity prices, operating costs and permitting risks. Many of these risks are outside of the Company's control.

For the year ended December 31, 2024, there were indicators of impairment identified with respect to some of the Company's exploration and evaluation assets. This was due to the expiration of the rights to explore the area of interest, with no expectation of renewal. For the year ended December 31, 2023, there were no indicators of impairment identified with respect to the Company's exploration and evaluation assets.

- ii) The determination of fair value of share-based compensation associated with stock options and RSUs requires assumptions with respect to volatility, expected life and discount rates. Changes in these assumptions impact the share-based compensation recognized in profit or loss over the vesting period of the stock options and RSUs.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Significant accounting judgments and estimates (continued)

Judgements

Judgements that can significantly affect the amounts recognized in the financial statements are as follows:

- i) The Company's assessment of its ability to continue as a going concern requires significant judgments about whether there are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. See note 1.

- ii) Recoverability of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets and expenditures requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

At the end of each reporting period, the Company assesses its exploration and evaluation assets to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditure on further exploration and evaluation of exploration projects are budgeted and results of exploration and evaluation activities on the exploration and evaluation assets.

- iii) The determination of the functional currency of the Company and of its subsidiary requires significant judgment of the primary economic environment in which the Company and its subsidiary operates. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation method.

Foreign currency translation

The functional and reporting currency of the Company is the Canadian dollar while the functional currency of JGKK is the Japanese yen.

Transactions in currencies other than the functional currency of the Company or JGKK are initially translated into the functional currency by applying the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the date of the statement of financial position. Non-monetary assets and liabilities are translated at historical exchange rates, unless the item is carried at fair value, in which case it will be translated at the exchange rate in effect at the date when the fair value was determined. Resulting foreign exchange gains and losses are recognized in profit or loss.

The assets and liabilities of JGKK are translated from Japanese yen into the Canadian dollar presentation currency at exchange rates prevailing at the date of the statement of financial position. Income and expenses of JGKK are translated at average exchange rates. All resulting differences are recognized in other comprehensive loss. As a result of the change in the Yen to Canadian dollar exchange rate, the translation of JGKK amounts to the Canadian dollar presentation currency in 2024 resulted in the Company recognizing a foreign exchange translation loss of \$404,424 (2023: \$2,089,588) in other comprehensive loss.

Foreign exchange gains and losses arising from monetary items that in substance form part of the Company's net investment in JGKK are recorded in other comprehensive loss and are presented within shareholders' equity as foreign currency translation in Accumulated Other Comprehensive Loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Cash and cash equivalents

Cash and cash equivalents include short-term guaranteed investment certificates and other similar instruments, including those with terms to maturity of less than three months or more from the date of purchase or that can be redeemed at any time and have insignificant risk of changes in fair value.

Restricted cash relates to funding provided in connection with the Barrick Alliance which can only be used for projects that are subject to the Barrick Alliance agreement (Note 4).

Exploration properties

Once the legal right to explore a property has been acquired (in the form of a prospecting right license), costs directly related to exploration and evaluation, in addition to acquisition costs, are recognized and capitalized by projects. Prior to receiving legal rights, the costs are expensed as project evaluation expenses. These direct expenditures include such costs as field supplies, drilling costs, payments made to contractors or consultants for surveying or geoscience costs, and depreciation on property, plant and equipment used during the exploration phase. Costs not directly attributable to exploration activities, including general administrative overhead costs, are expensed in the period in which they occur.

An exploration property is reviewed by project license for which there may be separately identifiable cash-flows (cash-generating units) for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed its recoverable amount. If economically recoverable ore reserves are developed, capitalized costs of the related property are first tested for impairment and then reclassified as mining assets. When a property is abandoned, all related costs are written off.

The recoverability of amounts capitalized as exploration properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete property development, and future profitable production or proceeds from the disposition thereof.

Any incidental revenues earned in connection with exploration activities are recognized in profit or loss together with the costs associated with the items sold.

Property, plant and equipment

Property, plant and equipment are carried at cost, less accumulated depreciation. Cost comprises the fair value of consideration given to acquire an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use along with the future cost of dismantling and removing the asset (if any). When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are depreciated to their residual values over the estimated useful life of the assets using the straight-line method as follows:

Furniture and fixtures	2 years
Building	4 years
Heavy drilling equipment	3 years
Vehicles	1-2 years
Right of use asset	Lesser of term of the lease or useful life of the asset

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment testing of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For exploration and evaluation assets, the Company follows the guidance in *IFRS 6 – Exploration for and Evaluation of Mineral Resources* to determine whether exploration and evaluation assets are impaired. Impairment indicators relevant for exploration and evaluation properties include:

- whether the rights to explore the area of interest have expired during the period or will expire in the near future, and the rights are not expected to be renewed;
- substantive expenditure on further exploration and evaluation is not planned or budgeted;
- the exploration activities have not led to a discovery of commercial reserves and the Company has decided not to continue such activities in the area of interest being explored; or
- sufficient data exists to indicate that, although exploration in the area is likely to continue, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs to sell is the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. When a binding sale agreement is not available, fair value less costs to sell is estimated using a discounted cash flow approach with inputs and assumptions consistent with those of a market participant. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the "cash generating unit" or "CGU"). This generally results in the Company evaluating its non-financial assets on a property-by-property basis.

An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in net income or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount. An impairment charge is reversed through net income or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of any applicable depreciation, if no impairment loss had been recognized.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Share-based payment transactions

The Company's share option plan allows the Company to grant options to its employees and consultants. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in contributed surplus. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value for employee options is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees, including warrants issued as finders' fees in equity transactions, are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the non-employee provides the goods or the services.

Restricted Share Units ("RSUs") are share-based payments, which are measured at the fair value on grant date and amortized over their applicable vesting periods. The offset to the recorded cost is to share-based payment reserve, and ultimately any amounts in share-based payment reserve are transferred to share capital upon settlement of the RSUs with common shares.

RSUs do not require the payment of any monetary consideration to the Company. Instead, they represent the right to receive common shares, or a payment representing common shares, following the attainment of vesting criteria determined at date of grant, notably a requirement that an individual remains eligible for awards for a specified period of time. The option to settle the RSUs in common shares or cash is at the Company's election, and the Company intends to settle its RSUs with common shares issued from treasury.

Income taxes

Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which these deductions can be applied. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company would recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. The Company determines each financial instrument's classification upon initial recognition. Measurement subsequent to initial recognition depends on the financial instrument's classification.

Financial assets

Financial assets are classified and measured at: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

Financial assets at amortized cost

The Company measures financial assets at amortized cost if both of the following conditions are met: the financial asset is held with the objective to collect contractual cash flows; and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest ("SPPI").

Financial assets are recognized initially at fair value plus attributable transaction costs and subsequently at amortized cost measured using the effective interest rate ("EIR"). Interest received is recognized as part of finance income. Gains and losses are recognized when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include:

- Cash and cash equivalents
- Restricted cash
- Accounts receivable and deposits

Financial assets at fair value through other comprehensive income ("FVTOCI")

Financial assets that meet the following conditions are measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income ("OCI"). Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is a contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value including transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument; instead, it is transferred to retained earnings (deficit).

The Company does not hold any financial assets classified as FVTOCI.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets at fair value through profit and Loss (“FVTPL”)

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value i.e. fail the SPPI test. Derivatives are classified as FVTPL unless they are designated as effective hedging instruments.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss. Transaction costs related to financial assets at FVTPL are recognized in profit or loss. The Company does not hold any financial assets classified as FVTPL.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, derivatives designated as hedging instruments in an effective hedge, or financial liabilities at amortized cost as appropriate.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. FVTPL category also includes derivative financial instruments that are not designated as hedging instruments.

Financial liabilities at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss. Transaction costs related to financial liabilities at FVTPL are recognized in profit or loss.

The Company does not hold any financial liabilities classified as FVTPL.

Financial liabilities at amortized cost

Financial liabilities at amortized cost are initially recognized at fair value net of attributable transaction costs. Subsequently, these financial liabilities are measured at amortized cost using the effective interest rate (“EIR”) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of loss and comprehensive loss. Gains and losses are recognized when the financial liability is derecognized.

The Company’s financial liabilities at amortized cost includes accounts payable and accrued liabilities.

A financial liability is derecognized when the associated obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties subject to common control are also considered to be related. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Loss per share

The Company presents basic per share data for its common shares, calculated by dividing the net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. In reporting periods when a loss is incurred, potential issuance of shares would be anti-dilutive and, therefore, basic and diluted loss per share are the same.

Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration and evaluation assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period which they occur.

The Company does not currently have material rehabilitation requirements.

Adoption of new accounting standards in 2024

Classification of liabilities as current or non-current:

In January 2020, the IASB published narrow scope amendments to IAS 1 Presentation of financial statements. The narrow scope amendment clarifies that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendments became effective on January 1, 2024 and are to be applied retrospectively.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Adoption of new accounting standards in 2024 (continued)

IFRS 18: Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued amendments to IAS 1, "Presentation of Financial Statements" to specify the requirements for reporting and disclosures. The amendments clarify:

- Categories for income and expenses; and
- Requirement to disclose performance measures in the notes to financial statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2027. The amendments are not expected to have a material impact on the Company at this time.

New standards issued and not yet effective

There are no other upcoming changes in accounting standards which are expected to materially impact the Company.

3. CASH AND CASH EQUIVALENTS

As at December 31, 2024, the balance of cash and cash equivalents is \$80,230 (December 31, 2023: \$1,968,831) of which \$Nil (December 31, 2023: \$1,750,000) is cash equivalents related to Guaranteed Investment Certificates ("GICs") purchased during the year. During the year ended December 31, 2024, the Company redeemed \$1,750,000 of Canadian GIC's to fund operations (December 31, 2023: \$4,450,000).

4. EXPLORATION AND EVALUATION ASSETS

	Ikutahara project	Ohra-Takamine project	Mizobe project	Other projects*	Total
Balance, December 31, 2022	\$ 20,608,253	\$ 4,698,958	\$ -	\$ 50,767	\$ 25,357,978
Geoscience - consulting	1,069,956	230,877	-	161,827	1,462,660
Drilling	70,305	177,454	-	16,243	264,002
Insurance	44,778	3,740	-	-	48,518
Depreciation	77,792	21,660	-	-	99,452
Travel	74,491	38,099	-	29,656	142,246
Field supplies	177,042	101,294	-	65,311	343,647
Foreign currency translation adjustment	(1,602,445)	(377,338)	-	(3,257)	(1,983,040)
Balance, December 31, 2023	20,520,172	4,894,744	-	320,547	25,735,463
Geoscience - consulting	265,794	122,692	111,661	86,172	586,319
Drilling	-	-	-	-	-
Insurance	40,570	5,676	-	-	46,246
Depreciation	52,512	32,258	-	-	84,770
Travel	18,209	4,918	35,484	15,000	73,611
Field supplies	161,178	62,684	80,749	91,839	396,450
Impairment	-	-	-	(206,142)	(206,142)
Foreign currency translation adjustment	(335,141)	(85,052)	295	2,214	(417,684)
Balance, December 31, 2024	\$ 20,723,294	\$ 5,037,920	\$ 228,189	\$ 309,630	\$ 26,299,033

* Other projects consist of Aibetsu project, Bajo project, Gumyo project, Isa project, Kurino project, Kushikino-Iriki project, Mizobe-Onoyama project, Onoyama project, Onoyama-Yamagano project, OT-Yaeyama project, Tobaru project and Tobaru-Fuke project.

4. EXPLORATION AND EVALUATION ASSETS (continued)

During the year ended December 31, 2024, an extensive review of the Company's portfolio was completed, resulting in the reduction from 35 to 26 projects. As a result, the Company recorded an impairment charge of \$206,142 related to the relinquishment of certain projects.

The Company's current project portfolio consists of prospecting rights licenses and prospecting rights license applications for a combined area of 277,523 hectares over 26 separate projects on the three main islands of Japan. See below for a summary of the Company's current Prospecting Rights as at December 31, 2024:

- 9 Prospecting Rights at the Aibetsu Project (2,916 hectares)
- 14 Prospecting Rights at the Bajo Project (4,478 hectares)
- 51 Prospecting Rights at the Ebino Project (15,741 hectares)
- 29 Prospecting Rights at the Gumyo Project (7,822 hectares)
- 3 Prospecting Rights at the Hakuryu Project (1,017 hectares)
- 18 Prospecting Rights at the Ikutahara Project (6,293 hectares)
- 20 Prospecting Rights at the Isa Project (5,959 hectares)
- 6 Prospecting Rights at the Kurino Project (933 hectares)
- 23 Prospecting Rights at the Kushikino-iriki Project (7,202 hectares)
- 22 Prospecting Rights at the Mizobe Project (5,163 hectares)
- 19 Prospecting Rights at the Mizobe-onoyama Project (4,785 hectares)
- 6 Prospecting Rights at the Ohra-takamine Project (2,024 hectares)
- 11 Prospecting Rights at the Onoyama Project (2,784 hectares)
- 15 Prospecting Rights at the Onoyama-yamagano Project (4,913 hectares)
- 4 Prospecting Rights at the OT-yaeyama Project (1,167 hectares)
- 36 Prospecting Rights at the Tobaru-fuke Project (10,599 hectares)
- 15 Prospecting Rights at the Togi Project (3,990 hectares)
- Tobaru Project (1,347 hectares): In September 2024, the 4 Prospecting Rights at Tobaru expired and were successfully re-applied.

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 covered 29 out of 31 projects that were 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 funded a 2-year Initial Evaluation Phase comprising a majority of the projects (minimum funding of US\$3,000,000 per year) and has now commenced the funding of a subsequent 3-year Second Evaluation Phase on three projects (minimum funding of US\$4 million per year) that have met Barrick's inclusion criteria and returned 26 projects to the Company. The three projects are the Togi, Hakuryu and Ebino projects. Barrick will continue to provide full support and management and sole fund all Barrick Alliance activities for the three selected projects. 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 the remaining projects, 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.

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4. EXPLORATION AND EVALUATION ASSETS (continued)

During the year ended December 31, 2024, Barrick paid \$4,072,681 (US\$2,976,737) (December 31, 2023 - \$4,871,915 (US\$3,627,069)) to the Company as funding for the Barrick Alliance work programs. On receipt of funds from Barrick, the Company records amounts received as restricted cash with an offsetting payable to Barrick. The payable to Barrick is decreased as qualifying expenditures are incurred on Barrick Alliance work programs. As at December 31, 2024, \$237 (US\$164) (December 31, 2023, \$572,685 or US\$432,999) is recorded as restricted cash representing amounts funded by Barrick in excess of amounts paid by the Company for exploration and evaluation expenditures and/or amounts to be reimbursed to the Company by Barrick for exploration and evaluation expenditures. As at December 31, 2024, the Company spent \$617,218 (December 31, 2023, \$560,290) on behalf of Barrick, which has yet to be reimbursed from the restricted cash account. As at December 31, 2024, the Company has a receivable of \$616,981 from Barrick (December 31, 2023, \$12,395 is recorded as the payable to Barrick which is recorded in accounts payable and accrued liabilities).

Subsequent to December 31, 2024, Barrick paid \$1,181,106 (US\$827,437) to reimburse the Company and fund work programs for 2025. Including the amounts received subsequent to December 31, 2024, the Company has received a total funding of \$21,154,891 (US\$15,920,697) for the Barrick Alliance activities. To date, Barrick has not identified any project as a Designated Project.

5. PROPERTY, PLANT AND EQUIPMENT

Cost	Heavy Equipment	Vehicles	Building	Land	Furniture and Fixtures	Total
At December 31, 2022	\$ 912,634	\$ 120,577	\$ 124,169	\$ 10,525	\$ 281,956	\$ 1,449,861
Purchases	-	-	-	-	9,916	9,916
Disposition	-	-	-	-	(2,093)	(2,093)
Foreign currency translation adjustment	(81,755)	(10,802)	(11,123)	(942)	(25,484)	(130,106)
At December 31, 2023	830,879	109,775	113,046	9,583	264,295	1,327,578
Purchases	62,089	19,909	1,045	-	23,445	106,488
Foreign currency translation adjustment	(15,170)	(1,848)	(2,162)	(185)	(4,776)	(24,141)
At December 31, 2024	\$ 877,798	\$ 127,836	\$ 111,929	\$ 9,398	\$ 282,964	\$ 1,409,925
Accumulated depreciation						
At December 31, 2022	\$ 783,098	\$ 106,481	\$ 55,949	\$ -	\$ 198,351	\$ 1,143,879
Depreciation capitalized to exploration and evaluation assets	53,080	4,401	14,530	-	28,013	100,024
Depreciation expense	-	-	-	-	4,134	4,134
Foreign currency translation adjustment	(71,684)	(9,667)	(5,432)	-	(18,697)	(105,480)
At December 31, 2023	764,494	101,215	65,047	-	211,801	1,142,557
Depreciation capitalized to exploration and evaluation assets	42,797	6,080	13,733	-	22,160	84,770
Depreciation expense	-	-	-	-	4,893	4,893
Foreign currency translation adjustment	(14,148)	(1,867)	(1,070)	-	(4,129)	(21,214)
At December 31, 2024	\$ 793,143	\$ 105,428	\$ 77,710	\$ -	\$ 234,725	\$ 1,211,006
Net carrying value, December 31, 2023	\$ 66,385	\$ 8,560	\$ 47,999	\$ 9,583	\$ 52,494	\$ 185,021
Net carrying value, December 31, 2024	\$ 84,655	\$ 22,408	\$ 34,219	\$ 9,398	\$ 48,239	\$ 198,919

6. CONVERTIBLE DEBT

On April 29, 2024, the Company closed a non-brokered private placement of unsecured convertible debentures (the "Debentures") for gross proceeds of \$2,755,000 (US\$2,000,000) to an existing strategic investor. The Debentures will mature on April 29, 2027, being the date that is three years from the date of issuance (the "Maturity Date"). The principal amount of the Debentures is convertible, at the election of the Company after the initial four month hold period prior to the Maturity Date, into common shares of the Company at a price of \$0.13 per common share.

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

In connection with the Debentures, the proceeds received are classified and recorded as equity because the Company can settle this obligation by delivering a fixed number of shares. The interest component of the convertible debt is recognized as a derivative asset and accounted for as part of the host debt contract since the interest is payable solely in shares and the interest is closely related to the principal amount.

On initial recognition, there is no accrued interest, and therefore, no interest was recorded. At each subsequent reporting period, the interest payable was accrued, and the interest expense was recognized within profit and loss until the conversion occurred where the Company settled interest via issuance of shares. Since there were no cash coupons (i.e., no obligation to pay cash that cannot be avoided), only the equity component was recognized upon initial recognition, with no liability being recorded. The total transaction costs amount to \$33,887, which have been recorded as share issuance costs. These costs are associated with legal fees and TSXV filing fees.

During the year ended December 31, 2024, the Company received disinterested shareholder approval for the creation of a control person at the Company's annual general meeting. The disinterested shareholder approval allows the Company to automatically convert the Debentures into common shares at a price of \$0.13 per share, and the greater of Market Price and \$0.13 per common share, in the case of the interest accrued. As a result, the Company converted the Debentures (including interest) into 22,338,738 common shares of the Company at a price of \$0.13 per share.

	Contributed Surplus	Share Capital
Balance, December 31, 2023	\$ -	\$ -
Proceeds from debentures	2,755,000	-
Transaction costs	(33,887)	-
Interest expense	144,921	-
Conversion of debentures to shares	(2,866,034)	2,866,034
Balance, December 31, 2024	\$ -	\$ 2,866,034

7. SHARE CAPITAL

Authorized capital

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

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

On November 7, 2024, the Company converted the Debentures into common shares at a price of \$0.13 per share, and the greater of Market Price and \$0.13 per common share, in the case of the interest accrued. As a result, the Company converted the Debentures (including interest) into 22,338,738 common shares of the Company.

Share options

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

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

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

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2022	21,780,000	\$ 0.30
Exercised	(975,000)	0.19
Expired	(2,295,000)	0.33
Granted	200,000	0.20
Outstanding at December 31, 2023	18,710,000	\$ 0.30
Expired	(4,700,000)	\$ 0.30
Forfeited	(100,000)	0.20
Granted	1,600,000	0.20
Outstanding at December 31, 2024	15,510,000	\$ 0.29

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

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7. SHARE CAPITAL (continued)

Share options (continued)

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.

On April 10, 2024, the Company granted 200,000 stock options to a consultant. The stock options are exercisable at a price of \$0.20 per share for a period of five years with a vesting schedule of 25% on the grant date and 25% every six months thereafter.

On April 11, 2024, the Company granted 1,200,000 stock options to the President and Chief Operating Officer. The stock options are exercisable at a price of \$0.20 per share for a period of five years with a vesting schedule over three years, 33.3% at the end of each year from the anniversary date of the grant date.

On May 21, 2024, the Company granted 200,000 stock options to a director. The stock options are exercisable at \$0.20 per share for a period of five years, with one-third of the options vesting on grant and one-third of the options vesting every six months thereafter.

The Company recorded share-based compensation expense of \$61,823 for the year ended December 31, 2024 relating to the options granted in 2024 along with options granted and vested from prior years (December 31, 2023: \$22,636).

The following weighted average assumptions were used for the Black-Scholes valuation of share options granted in 2024 and 2023:

	July 4, 2023	April 10, 2024	April 11, 2024	May 21, 2024
Risk-free interest rate	3.57%	3.54%	3.54%	3.71%
Expected life of options (in years)	5	5	5	5
Expected volatility	96%	82%	82%	82%
Share price at grant date	\$ 0.17	\$ 0.13	\$ 0.12	\$ 0.09
Exercise price	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20
Fair value	\$ 0.12	\$ 0.08	\$ 0.07	\$ 0.05
Forfeiture rate	-	-	-	-
Dividend rate	-	-	-	-

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

Outstanding	Weighted average exercise price	Expiry date	Weighted average remaining life (years)
2,149,950	0.40	September 15, 2026	1.71
275,000	0.40	October 28, 2026	1.83
875,050	0.16	December 13, 2028	3.96
3,340,000	0.20	January 24, 2029	4.07
2,605,000	0.30	May 13, 2030	5.37
4,665,000	0.35	December 23, 2026	1.98
200,000	0.20	April 10, 2029	4.28
1,200,000	0.20	April 11, 2029	4.28
200,000	0.20	May 21, 2029	4.39
15,510,000 \$	0.29		3.31

7. SHARE CAPITAL (continued)

Share options (continued)

As at December 31, 2024, the Company has 15,510,000 options issued and outstanding where 14,143,333 options are exercisable as at December 31, 2024 with a weighted average exercise price of \$0.30.

Subsequent to the year ended December 31, 2024, the Company cancelled 8,900,000 options with a weighted average exercise price of \$0.32.

Subsequent to the year ended December 31, 2024, the Company granted 2,450,000 options with a weighted average exercise price of \$0.13.

Restricted Share Units

Restricted Share Units ("RSUs") are share-based payments, which are measured at the grant date fair value and amortized over their applicable vesting periods. The offset to the recorded cost is to share-based payment reserve, and ultimately any amounts in share-based payment reserve are transferred to share capital upon settlement of the RSUs with common shares.

RSUs do not require the payment of any monetary consideration to the Company. Instead, they represent the right to receive common shares, or a payment representing common shares, following the attainment of vesting criteria determined at date of grant, notably a requirement that an individual remains eligible for awards for a specified period of time. The option to settle the RSUs in common shares or cash is at the Company's election, and the Company intends to settle its RSUs with common shares issued from treasury.

On April 11, 2024, the Company granted 1,561,682 RSUs to the President and Chief Operating Officer. The RSUs vest and become exercisable over three years, 33.3% at the end of each year from the anniversary of the grant date. The share price at grant date was \$0.12 per share.

On November 7, 2024, the Company granted 10,500,000 RSUs to directors, officers and non-insiders of the Company. The RSUs will vest over two years from the grant date. The share price at grant date was \$0.08 per share.

The following table summarizes information about the RSUs outstanding as at December 31, 2024:

Outstanding	Share price on date of grant	Expiry date	Weighted average remaining life (years)
1,561,682	0.12	April 11, 2027	2.28
10,500,000	0.08	November 7, 2026	1.85
12,061,682 \$	-		1.91

As at December 31, 2024, the Company has 12,061,682 RSUs issued and outstanding with no RSUs being exercisable as at December 31, 2024.

The Company recorded share-based compensation expense of \$184,330 for the year ended December 31, 2024, relating to RSUs granted (December 31, 2023: \$Nil).

Subsequent to the year ended December 31, 2024, the Company granted 2,150,000 RSUs to directors, officers and non-insiders of the Company. The RSUs will vest over two years from the grant date. The share price at the date of grants are \$0.07 per share for 300,000 RSUs, \$0.09 per share for 950,000 RSUs and \$0.14 per share for 900,000 RSUs.

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7. SHARE CAPITAL (continued)

Warrants

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

As at December 31, 2024, there were no outstanding warrants for the Company.

Subsequent to the year ended December 31, 2024, the Company issued 2,000,000 warrants to a director of the Company. The warrants have an exercise price of \$0.07 and an expiry date of March 19, 2026.

8. RELATED PARTY TRANSACTIONS

Key management and personnel compensation

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

	December 31, 2024	December 31, 2023
Management fees	\$ 640,924	\$ 428,000
Project evaluation-consulting	211,821	212,737
Consulting fees	276,400	303,481
Director fees	153,566	158,193
Share-based compensation	227,284	-

During the year ended December 31, 2024, the Company incurred \$468,000 (December 31, 2023: \$428,000) in management fees and \$210,300 (December 31, 2023: \$204,000) in consulting fees for administrative, finance and accounting services to a private company controlled by the Chief Executive Officer of the Company. The Company also reimbursed such private company \$106,566 in occupancy costs during the year ended December 31, 2024 (December 31, 2023: \$76,900). As at December 31, 2024, \$Nil (December 31, 2023: \$Nil) of these fees were outstanding and payable to the officer. During the year ended December 31, 2024, the Company recorded \$2,421 (December 31, 2023: \$Nil) in other income relating to a private Japanese entity controlled by the Chief Executive Officer. As at December 31, 2024, \$2,421 (December 31, 2023: \$Nil) was receivable to the Company.

During the year ended December 31, 2024, the Company incurred \$172,924 (December 31, 2023: \$Nil) in management fees to a private company controlled by the President and Discovery Lead of the Company. As at December 31, 2024, \$24,256 (December 31, 2023: \$Nil) of these fees were outstanding and payable to the officer.

The Company incurred \$104,669 in consulting fees for project evaluation to a former exploration manager of the Company during the year ended December 31, 2024 (December 31, 2023: \$212,737). As at December 31, 2024, \$Nil (December 31, 2023: \$8,454) of these fees were outstanding and payable to the consultant.

The Company incurred \$66,100 in consulting fees (December 31, 2023: \$99,481) to the Chief Operating Officer (previously General Manager of Exploration of the Company). As at December 31, 2024, \$5,085 (December 31, 2023: \$10,255) of these fees were outstanding and payable to the officer.

The Company incurred \$153,566 (December 31, 2023: \$158,593) in director fees to directors of the Company. As at December 31, 2024, \$42,150 (December 31, 2023: \$Nil) of these fees were outstanding and payable to the directors.

8. RELATED PARTY TRANSACTIONS (continued)

Key management and personnel compensation (continued)

The Company incurred \$227,284 (December 31, 2023 - \$Nil) in share-based compensation expense related to options and RSUs granted to related parties

Other related party transactions

During the year ended December 31, 2024, Southern Arc Minerals Inc., a company with common directors and management, charged the Company \$Nil in office expenses (December 31, 2023: \$10,843).

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

9. FINANCIAL INSTRUMENTS

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

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

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company's financial liabilities, comprising its accounts payable and accrued liabilities, are classified as current. The Company's approach to managing liquidity risk is to ensure as far as possible that it will have sufficient funds to meet liabilities when due (see also Note 1).

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

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

The Company operates in Japan and is subject to foreign currency fluctuations primarily on its cash and accounts payable and accrued liabilities denominated in a currency other than Japanese yen ("Yen or ¥"). As at December 31, 2024, the Company limits its exposure by holding its cash mostly in Canadian dollar. Additionally, the Company is exposed to foreign exchange risk on non-Canadian denominated monetary assets and liabilities recorded in Japan Gold. As at December 31, 2024, every 1% change in foreign exchange rate in either direction would result in a change in net loss of approximately \$4,000.

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:

9. FINANCIAL INSTRUMENTS (continued)

Fair value (continued)

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 receivable, deposits and accounts payable and accrued liabilities approximate their fair values due to their short terms to maturity.

10. 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 year ended December 31, 2024.

11. SEGMENTED INFORMATION

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

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

		Canada		Japan		Consolidated
Current assets	\$	762,201	\$	107,763	\$	869,964
Non-current assets		2,596,667		23,970,951		26,567,618
Total assets	\$	3,358,868	\$	24,078,714	\$	27,437,582
Total liabilities	\$	520,040	\$	420,008	\$	940,048

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

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

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12. INCOME TAXES

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. These differences result from the following items:

	December 31, 2024	December 31, 2023
Loss for the year, before income taxes	\$ (4,156,605)	\$ (3,271,587)
Tax rate	27.0%	27.0%
Expected income tax recovery	\$ (1,122,283)	\$ (883,328)
Impact of foreign tax rates	(116,789)	(79,003)
Non-deductible expenses	184,931	1,117,393
Changes in estimates related to prior years and other	(9,426)	537,496
Tax benefits unrecognized (recognized)	1,063,567	(692,558)
Income tax expense (recovery)	\$ -	\$ -

Deferred income tax assets have not been recognized for the following temporary differences:

	December 31, 2024	December 31, 2023
Non-capital losses - Canada	\$ 4,673,045	\$ 7,564,799
Non-capital losses - Japan	21,895,274	15,280,538
Share issuance costs and other	479,282	799,879
	\$ 27,047,601	\$ 23,645,216

The gross amount of the tax losses for which a tax benefit has not been recorded expire as follows:

Year of expiry	Canada	Japan
2026 \$	- \$	819,014
2027	-	1,498,421
2028	-	885,977
2029	-	738,587
2030	-	1,234,204
2031	-	6,186,150
2032	-	3,604,166
2033	-	6,928,755
2036	-	-
2037	-	-
2038	-	-
2039	803,335	-
2040	2,132,860	-
2041	1,159,848	-
2042	577,002	-
\$	4,673,045	\$ 21,895,274

13. SUBSEQUENT EVENTS

- a) On February 4, 2025, the Company along with its wholly-owned subsidiary JGKK entered into an investment agreement (“Investment Agreement”) with Osisko Gold Royalties Ltd (“Osisko”) to sell to Osisko a 1.5% net smelter royalty (the “Initial Royalty”) on certain Japan Gold Corp. properties and assets in Japan that are not (or subsequently are not) subject to the Barrick Alliance (collectively, the “Royalty Properties”), as evidenced by a royalty agreement entered into by the Company and Osisko concurrently with the Investment Agreement, for cash consideration of US\$5,000,000. On the first anniversary of the Investment Agreement, or such other date mutually agreed to between the Company and Osisko, Osisko will have the option to purchase an additional 0.5% net smelter return royalty (together with the Initial Royalty, as the case may be, the “Royalty”) from JGKK on the Royalty Properties, for additional cash consideration of US\$3,000,000 payable by Osisko to the Company on such date.

The Royalty is a secured obligation of the Company evidenced initially by, among other things, a share pledge by the Company of JGKK’s shares as well as by a guarantee from Japan Gold Corp., with a full security package to be put in place by the parties following further consultation with the applicable governmental authorities and to the extent permitted under applicable laws and the Barrick Alliance agreement dated February 23, 2020 among the Company and Barrick Gold Corporation. The Company has granted Osisko certain rights as part of the transaction, including a right of first refusal on future royalty and stream transactions on present and future Japan Gold Corp. properties that are not subject to the Barrick Alliance. The Company expects the net proceeds of the Transaction to be primarily used by the Company for the exploration, development and general advancement of the Royalty Properties, with the balance to be used for general working capital purposes.

- b) On January 17, 2025, the Company entered into a loan agreement for \$140,000 with a director of the Company. The loan was repayable in full by March 18, 2025, or such earlier date as the Company may elect, and bears interest at a rate of 12% per annum. The Company intended to use the proceeds of the loan for short-term working capital purposes. The loan was fully repaid on February 13, 2025.

In relation to the loan agreement, the Company issued 2,000,000 non-transferable share purchase warrants to the lender as consideration for providing the loan. Each warrant will entitle the lender to purchase one common share of the Company at an exercise price of \$0.07 for a period of 12 months following the date of issuance.