



**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED  
JUNE 30, 2024 AND 2023**

*(Unaudited - expressed in Canadian dollars)*

**JAPAN GOLD CORP.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**June 30, 2024**

**Notice of No Auditor Review**

The accompanying unaudited condensed consolidated interim financial statements of Japan Gold Corp. for the six-month period ended June 30, 2024 have been prepared by the Company's management and approved by the Audit Committee and Board of Directors of the Company.

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

August 19, 2024

**JAPAN GOLD CORP.**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited - Expressed in Canadian dollars)

<b>As at</b>		June 30, 2024		December 31, 2023
<b>Assets</b>				
<b>Current</b>				
Cash and cash equivalents (Note 3)	\$	2,381,864	\$	1,968,831
Restricted cash (Note 4)		566,873		572,685
Accounts receivable (Note 4)		66,388		48,436
Prepaid expenses and deposits		104,182		176,818
		<u>3,119,307</u>		<u>2,766,770</u>
<b>Non-current assets</b>				
Deposit		64,728		71,033
Exploration and evaluation assets (Note 4)		24,174,855		25,735,463
Property, plant and equipment (Note 5)		194,790		185,021
		<u>27,553,680</u>		<u>28,758,287</u>
<b>Total assets</b>	\$	<u>27,553,680</u>	\$	<u>28,758,287</u>
<b>Liabilities</b>				
<b>Current</b>				
Accounts payable and accrued liabilities (Note 4 and 8)	\$	786,110	\$	811,911
<b>Non-current liabilities</b>				
Convertible debt (Note 6)		1,568,791		-
Derivative liability (Note 6)		515,144		-
		<u>2,870,045</u>		<u>811,911</u>
<b>Total liabilities</b>		<u>2,870,045</u>		<u>811,911</u>
<b>Shareholders' equity</b>				
Share capital (Note 7)		59,659,032		59,659,032
Contributed surplus (Note 6)		6,745,105		6,691,075
Accumulated other comprehensive loss		(6,449,093)		(4,357,013)
Deficit		(35,271,409)		(34,046,718)
		<u>24,683,635</u>		<u>27,946,376</u>
<b>Total shareholders' equity</b>		<u>24,683,635</u>		<u>27,946,376</u>
<b>Total liabilities and shareholders' equity</b>	\$	<u>27,553,680</u>	\$	<u>28,758,287</u>

Nature and continuance of operations (Note 1)

Subsequent events (Notes 4 and 7)

Approved by the Board of Directors and authorized for issuance on August 19, 2024:

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

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

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

(Unaudited - expressed in Canadian dollars)

For the periods ended	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
<b>Expenses</b>				
Consulting (Note 8)	\$ 125,031	\$ 162,600	\$ 250,211	\$ 297,546
Depreciation (Note 5)	1,238	1,398	2,193	2,764
Director fees	38,551	38,682	77,234	77,365
Filing and regulatory	5,455	37,729	34,594	69,703
Foreign exchange (income) loss	(8,228)	14,771	4,734	37,808
Insurance	17,161	12,923	31,818	25,766
Investor relations	106,745	75,421	298,092	280,847
Management fees (Note 8)	195,116	117,000	312,116	234,000
Occupancy and office	106,852	78,463	200,019	166,679
Professional fees	96,452	131,216	170,493	228,408
Project evaluation (Note 8)	197,765	136,691	361,761	327,631
Share-based compensation (Note 7)	51,573	3,038	54,030	6,020
Transfer agent	2,644	3,762	4,394	5,891
Travel	54,651	8,909	94,054	86,825
<b>Loss before other items</b>	<b>991,006</b>	<b>822,603</b>	<b>1,895,743</b>	<b>1,847,253</b>
<b>Other items</b>				
Interest expense (Note 6)	45,920	-	45,920	-
Accretion expense (Note 6)	38,510	-	38,510	-
Unrealized gain on derivative liability (Note 6)	(713,450)	-	(713,450)	-
Other income	-	-	-	(400)
Interest income	(11,604)	(4,204)	(42,032)	(23,017)
	(640,624)	(4,204)	(671,052)	(23,417)
<b>Net loss for the period</b>	<b>350,382</b>	<b>818,399</b>	<b>1,224,691</b>	<b>1,823,836</b>
Foreign exchange loss on translation of foreign operations	2,492	2,513,405	2,092,080	2,700,590
<b>Net comprehensive loss for the period</b>	<b>\$ 352,874</b>	<b>\$ 3,331,804</b>	<b>\$ 3,316,771</b>	<b>\$ 4,524,426</b>
<b>Loss per share</b>				
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
<b>Weighted average number of shares outstanding</b>	<b>256,515,479</b>	<b>242,960,809</b>	<b>256,515,479</b>	<b>234,282,606</b>

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)

<b>For the periods ended</b>		June 30, 2024	June 30, 2023
<b>Cash flows from operating activities</b>			
Net loss for the period	\$	(1,224,691)	\$ (1,823,836)
Adjustments for:			
Share-based compensation (Note 7)		54,030	6,020
Depreciation (Note 5)		2,193	2,764
Interest expense (Note 6)		45,920	-
Accretion expense (Note 6)		38,510	-
Unrealized gain on derivative liability (Note 6)		(713,450)	-
Interest income		(42,032)	(23,017)
Interest received		42,032	23,017
Unrealized foreign exchange loss		4,734	37,808
Changes in non-cash working capital items:			
Accounts receivable, prepaid expenses and deposits		60,989	(13,280)
Accounts payable and accrued liabilities		(279,889)	(410,747)
Net cash used in operating activities		(2,011,654)	(2,201,271)
<b>Cash flows from investing activities</b>			
Exploration and evaluation expenditure (Note 4)		305,429	(996,383)
Acquisition of property, plant and equipment (Note 5)		(69,381)	(8,125)
Reimbursements of Barrick Alliance expenditures, net		(441,557)	(122,429)
Net cash used in investing activities		(205,509)	(1,126,937)
<b>Cash flows from financing activities</b>			
Proceeds received from exercise of options (Note 7)		-	190,000
Proceeds received from convertible debt, net of issuance cost (Note 6)		2,697,714	-
Proceeds received from private placement, net of issuance cost (Note 7)		-	5,823,836
Net cash from financing activities		2,697,714	6,013,836
<b>Change in cash and cash equivalents during the period</b>	\$	480,551	\$ 2,685,628
Effect of foreign exchange on cash and cash equivalents		(67,518)	(97,571)
Cash and cash equivalents, beginning of the period		1,968,831	2,139,425
<b>Cash and cash equivalents, end of the period</b>	\$	2,381,864	\$ 4,727,482

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

**JAPAN GOLD CORP.**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIODS ENDED JUNE 30, 2024 AND JUNE 30, 2023

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

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
Balance, December 31, 2023	256,515,479	59,659,032	6,691,075	(4,357,013)	(34,046,718)	27,946,376
Share-based compensation	-	-	54,030	-	-	54,030
Net loss for the period	-	-	-	-	(1,224,691)	(1,224,691)
Foreign currency translation	-	-	-	(2,092,080)	-	(2,092,080)
Balance, June 30, 2024	256,515,479	59,659,032	6,745,105	(6,449,093)	(35,271,409)	24,683,635

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

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

For the three and six months ended June 30, 2024 and June 30, 2023

(Unaudited - expressed in Canadian dollars)

**1. NATURE AND CONTINUANCE OF OPERATIONS**

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

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

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a “going concern”, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they become due. The Company has not generated any revenues or cash flows from operations to date. For the period ended June 30, 2024, the Company incurred negative cash flows from operations of \$2,011,654 and recorded a net loss of \$1,224,691. 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 condensed consolidated interim financial statements do not give effect to any adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

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

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

These consolidated financial statements were approved for issuance by the Company’s Board of Directors on August 19, 2024.

**Basis of consolidation**

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

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

For the three and six months ended June 30, 2024 and June 30, 2023

(Unaudited - expressed in Canadian dollars)

**2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Significant accounting judgments and estimates**

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

In preparing the Company's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2024, the Company applied the critical judgments and estimates disclosed in Note 2 of the audited consolidated financial statements for the year ended December 31, 2023.

**3. CASH AND CASH EQUIVALENTS**

As at June 30, 2024, the balance of cash and cash equivalents is \$2,381,864 (December 31, 2023: \$1,968,831) of which \$1,642,440 (December 31, 2023: \$1,750,000) is cash equivalents related to Guaranteed Investment Certificates ("GICs") purchased during the period. During the period ended June 30, 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	Bajo project	Other projects	Total
<b>Balance, December 31, 2022</b>	<b>\$ 20,608,253</b>	<b>\$ 4,698,958</b>	<b>\$ 5,892</b>	<b>\$ 44,875</b>	<b>\$ 25,357,978</b>
Geoscience - consulting	1,069,956	230,877	80,058	81,769	1,462,660
Drilling	70,305	177,454	-	16,243	264,002
Insurance	44,778	3,740	-	-	48,518
Depreciation	77,792	21,660	-	-	99,452
Travel	74,491	38,099	17,101	12,555	142,246
Field supplies	177,042	101,294	23,162	42,149	343,647
Foreign currency translation adjustment	(1,602,445)	(377,338)	(81)	(3,176)	(1,983,040)
<b>Balance, December 31, 2023</b>	<b>20,520,172</b>	<b>4,894,744</b>	<b>126,132</b>	<b>194,415</b>	<b>25,735,463</b>
Geoscience - consulting	177,722	37,137	14,045	16,230	245,134
Drilling	-	-	-	-	-
Insurance	24,700	2,787	-	-	27,487
Depreciation	29,221	10,795	-	-	40,016
Travel	6,756	2,585	1,019	94	10,454
Field supplies	57,595	33,549	11,740	55,599	158,483
Foreign currency translation adjustment	(1,612,469)	(430,447)	15,450	(14,716)	(2,042,182)
<b>Balance, June 30, 2024</b>	<b>\$ 19,203,697</b>	<b>\$ 4,551,150</b>	<b>\$ 168,386</b>	<b>\$ 251,622</b>	<b>\$ 24,174,855</b>

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



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

For the three and six months ended June 30, 2024 and June 30, 2023

(Unaudited - expressed in Canadian dollars)

**4. EXPLORATION AND EVALUATION ASSETS (continued)**

The Company's current project portfolio consists of prospecting rights licenses and prospecting rights license applications for a combined area of 303,923 hectares over 35 separate projects on the three main islands of Japan. See below for a summary of the Company's current Prospecting Rights as at June 30, 2024:

- 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)
- 47 Prospecting Rights at the Ebino Project (14,698 hectares)
- 29 Prospecting Rights at the Gumyo Project (7,822 hectares)
- 15 Prospecting Rights at the Ikutahara Project (5,245 hectares)
- 12 Prospecting Rights at the Kamitsue Project (4,069 hectares)
- 22 Prospecting Rights at the Mizobe Project (5,163 hectares)
- 6 Prospecting Rights at the Ohra-Takamine Project (2,024 hectares)
- 11 Prospecting Rights at the Onoyama Project (2,784 hectares)
- 4 Prospecting Rights at the Tobaru Project (1,347 hectares)
- 36 Prospecting Rights at the Tobaru-Fuke Project (10,599 hectares)
- 15 Prospecting Rights at the Togi Project (3,990 hectares)
- 6 Prospecting Rights at the Usa Project (1,838 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 covered 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 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 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. The Company is internally evaluating all projects that Barrick did not select, which remain at an early stage of investigation but offer exploration potential, with a view to determining which to advance independently or by bringing in additional partners.

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

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

For the three and six months ended June 30, 2024 and June 30, 2023

(Unaudited - expressed in Canadian dollars)

**4. EXPLORATION AND EVALUATION ASSETS (continued)**

During the period ended June 30, 2024, Barrick paid \$2,250,528 (US\$1,657,657) (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 June 30, 2024, \$566,873 (US\$414,169) (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 June 30, 2024, \$312,012 within accounts payable and accrued liabilities are amounts payable to Barrick (December 31, 2023, \$12,395).

Subsequent to June 30, 2024, Barrick has paid an additional \$565,231 (US\$408,227) to fund work programs. To date, the Company has received a total funding of \$18,897,860 (US\$14,308,898) for the Barrick Alliance activities and Barrick has not identified any project as a Designated Project.

**5. PROPERTY, PLANT AND EQUIPMENT**

Cost	Heavy Equipment	Vehicles	Building	Land	Furniture and Fixtures	Total
<b>At December 31, 2022</b>	\$ 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)
<b>At December 31, 2023</b>	<b>830,879</b>	<b>109,775</b>	<b>113,046</b>	<b>9,583</b>	<b>264,295</b>	<b>1,327,578</b>
Purchases	61,285	-	1,032	-	7,064	69,381
Foreign currency translation adjustment	(76,587)	(9,744)	(10,083)	(851)	(23,787)	(121,052)
<b>At June 30, 2024</b>	<b>\$ 815,577</b>	<b>\$ 100,031</b>	<b>\$ 103,995</b>	<b>\$ 8,732</b>	<b>\$ 247,572</b>	<b>\$ 1,275,907</b>
<b>Accumulated depreciation</b>						
<b>At December 31, 2022</b>	\$ 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)
<b>At December 31, 2023</b>	<b>764,494</b>	<b>101,215</b>	<b>65,047</b>	<b>-</b>	<b>211,801</b>	<b>1,142,557</b>
Depreciation capitalized to exploration and evaluation assets	20,784	1,361	6,746	-	10,836	39,727
Depreciation expense	-	-	-	-	2,193	2,193
Foreign currency translation adjustment	(68,824)	(9,047)	(6,086)	-	(19,403)	(103,360)
<b>At June 30, 2024</b>	<b>\$ 716,454</b>	<b>\$ 93,529</b>	<b>\$ 65,707</b>	<b>\$ -</b>	<b>\$ 205,427</b>	<b>\$ 1,081,117</b>
<b>Net carrying value, December 31, 2023</b>	<b>\$ 66,385</b>	<b>\$ 8,560</b>	<b>\$ 47,999</b>	<b>\$ 9,583</b>	<b>\$ 52,494</b>	<b>\$ 185,021</b>
<b>Net carrying value, June 30, 2024</b>	<b>\$ 99,123</b>	<b>\$ 6,502</b>	<b>\$ 38,288</b>	<b>\$ 8,732</b>	<b>\$ 42,145</b>	<b>\$ 194,790</b>

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

For the three and six months ended June 30, 2024 and June 30, 2023

(Unaudited - expressed in Canadian dollars)

**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 \$2,731,600 (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 Company bifurcated the Debentures into an embedded derivative liability representing the conversion option and a host liability. The derivative liability of the Debentures was valued at \$1,228,594, determined using the Black-Scholes Option Pricing Model. The residual amount of \$1,503,006, less transaction costs of \$33,886 allocated by proration, resulted in \$1,484,361 recognized as the host liability of the Debentures, and will be amortized using the effective annual interest rate of 24.13%. The transaction cost of \$15,241 related to the derivative liability by proration was expensed.

During the period ended June 30, 2024, the Company incurred \$38,510 in accretion expense and \$45,920 in interest expense in connection with the amortization of the host liability of the Debentures.

On June 30, 2024, the derivative liability of the Debentures was revalued at \$515,144, determined using the Black-Scholes Option Pricing Model (see below).

	<b>Derivative Liability</b>		
	<b>Liability Component</b>	<b>Component</b>	<b>Total</b>
<b>Balance, December 31, 2023</b>	\$ -	\$ -	\$ -
Convertible debentures issued	1,503,006	1,228,594	2,731,600
Transaction costs	(18,645)	-	(18,645)
Gain on derivative liability from revaluation	-	(713,450)	(713,450)
Accretion expense	38,510	-	38,510
Interest expense	45,920	-	45,920
<b>Balance, June 30, 2024</b>	<b>\$ 1,568,791</b>	<b>\$ 515,144</b>	<b>\$ 2,083,935</b>

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**6. CONVERTIBLE DEBT (continued)**

The following assumptions were used for the Black-Scholes valuation of the embedded derivative of the Debentures:

		<b>April 29, 2024</b>		<b>June 30, 2024</b>
Risk-free interest rate		4.18%		3.83%
Expected life (in years)		3.00		2.83
Expected volatility		79%		81%
Share price	\$	0.115	\$	0.065
Conversion price	\$	0.130	\$	0.130
Fair value	\$	0.06	\$	0.02
Forfeiture rate		-		-
Dividend rate		-		-

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

**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 and the following weighted average assumptions and inputs: Risk-free interest rate – 4.41% and 4.63%; expected volatility – 82% and 80%; weighted average share price of \$0.20; expected life of warrants – 1 year.

**Share options**

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

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

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

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	(380,000)	\$ 0.26
Granted	1,600,000	0.20
Outstanding at June 30, 2024	19,930,000	\$ 0.30

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

On July 4, 2023, the Company granted 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 following weighted average assumptions were used for the Black-Scholes valuation of share options granted in 2024 and 2023:

	July 4, 2023	April 11, 2024	April 10, 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	\$ 0.12	\$ 0.13	\$ 0.09
Exercise price	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20
Fair value	\$ 0.12	\$ 0.07	\$ 0.08	\$ 0.05
Forfeiture rate	-	-	-	-
Dividend rate	-	-	-	-

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

The following table summarizes information about the share options outstanding as at June 30, 2024:

<b>Outstanding</b>	<b>Weighted average exercise price</b>	<b>Expiry date</b>	<b>Weighted average remaining life (years)</b>
3,024,950	0.40	September 15, 2026	2.21
275,000	0.40	October 28, 2026	2.33
1,250,050	0.16	December 13, 2028	4.46
4,110,000	0.20	January 24, 2029	4.57
3,785,000	0.30	May 13, 2030	5.87
5,885,000	0.35	December 23, 2026	2.48
200,000	0.20	April 9, 2029	4.77
1,200,000	0.20	April 10, 2029	4.78
200,000	0.20	May 21, 2029	4.89
19,930,000 \$	0.29		3.82

As at June 30, 2024, the Company has 19,930,000 options issued and outstanding where 18,446,667 options are exercisable as at June 30, 2024 with a weighted average exercise price of \$0.30.

Subsequent to the period ended June 30, 2024, 100,000 options with a weighted average exercise price of \$0.35 expired unexercised.

**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.

A summary of the changes in RSUs is presented below:

	Number of RSUs	Weighted Average Exercise Price
Outstanding at December 31, 2023	-	\$ -
Granted	1,561,682	-
Outstanding at June 30, 2024	1,561,682	\$ -

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**7. SHARE CAPITAL (continued)****Restricted Share Units (continued)**

The following weighted average assumptions were used for the Black-Scholes valuation of RSUs granted in 2024:

	<b>April 11, 2024</b>
Risk-free interest rate	4.59%
Expected life of RSUs (in years)	1
Expected volatility	99%
Share price at grant date	\$ 0.12
Exercise price	\$ -
Fair value	\$ 0.12
Forfeiture rate	-
Dividend rate	-

As at June 30, 2024, the Company has 1,561,682 RSUs issued and outstanding with no RSUs being exercisable as at June 30, 2024 with a weighted average exercise price of \$Nil.

The Company recorded share-based compensation expense of \$51,573 and \$54,030 for the three and six-month period ended June 30, 2024 relating to the stock options and RSUs granted (June 30, 2023: \$3,038 and \$6,020) respectively.

**Warrants**

As at June 30, 2024, all outstanding warrants issued by the Company expired unexercised.

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**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:

	<b>Three month period ended June 30, 2024</b>	<b>Three month period ended June 30, 2023</b>	<b>Six month period ended June 30, 2024</b>	<b>Six month period ended June 30, 2023</b>
Management fees	\$ 195,116	\$ 117,000	\$ 312,116	\$ 234,000
Consulting fees	72,598	103,212	136,660	177,038
Director fees	38,551	38,682	77,234	77,365
Project evaluation	25,195	37,788	62,821	98,755
Share-based compensation	38,358	3,038	38,358	6,020

\*Prior year comparatives for management fees and consulting fees have been re-presented for the reclassification of non-management fees of \$132,000 to consulting fees.

During the period ended June 30, 2024, the Company incurred \$234,000 (June 30, 2023: \$234,000) in management fees and \$104,100 (June 30, 2023: \$132,000) 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 \$51,066 in occupancy costs during the period ended June 30, 2024 (June 30, 2023: \$38,500).

During the period ended June 30, 2024, the Company incurred \$78,116 (June 30, 2023: \$Nil) in management fees to a private company controlled by the Chief Operating Officer of the Company.

The Company incurred \$62,821 in consulting fees for project evaluation to an officer of the Company during the period ended June 30, 2024 (June 30, 2023: \$98,755). As at June 30, 2024, \$Nil (December 31, 2023: \$8,454) of these fees were outstanding and payable to the officer.

The Company paid \$32,560 in consulting fees (June 30, 2023: \$45,038) to the General Manager of Exploration of the Company.

**Other related party transactions**

During the period ended June 30, 2024, Southern Arc, a company with common directors and management, charged the Company \$Nil in office expenses (June 30, 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.



**JAPAN GOLD CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**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 as at June 30, 2024 and December 31, 2023.

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

The Company operates in Japan and is subject to foreign currency fluctuations primarily on its cash and accounts payable and accrued liabilities denominated in a currency other than Japanese yen ("Yen or ¥"). As at June 30, 2024, the Company limits its exposure by holding its cash mostly in Canadian dollars. Additionally, the Company is exposed to foreign exchange risk on non-Canadian denominated monetary assets and liabilities recorded in Japan Gold. As at June 30, 2024, every 1% of change in foreign exchange rate in either direction would result in change in net loss of approximately \$2,000.

**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:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

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

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**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 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 June 30, 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 June 30, 2024 is as follows:

		<b>Canada</b>		<b>Japan</b>	<b>Consolidated</b>
Current assets	\$	2,659,656	\$	459,651	\$ 3,119,307
Non-current assets		2,541,271		21,893,102	24,434,373
<b>Total assets</b>	<b>\$</b>	<b>5,200,927</b>	<b>\$</b>	<b>22,352,753</b>	<b>\$ 27,553,680</b>
<b>Total liabilities</b>	<b>\$</b>	<b>2,296,200</b>	<b>\$</b>	<b>573,845</b>	<b>\$ 2,870,045</b>

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

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