



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE MONTHS ENDED
MARCH 31, 2025 AND 2024**

(Unaudited - expressed in Canadian dollars)

JAPAN GOLD CORP.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
March 31, 2025

Notice of No Auditor Review

The accompanying unaudited condensed consolidated interim financial statements of Japan Gold Corp. for the three-month period ended March 31, 2025 have been prepared by the Company's management and approved by the Audit Committee and Board of Directors of the Company.

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

May 29, 2025

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

(Unaudited - Expressed in Canadian dollars)

As at	March 31, 2025	December 31, 2024
Assets		
Current		
Cash and cash equivalents (Note 3)	\$ 5,837,043	\$ 80,230
Restricted cash (Note 4)	551,307	237
Accounts receivable	120,871	735,306
Prepaid expenses and deposits	106,916	54,191
	6,616,137	869,964
Non-current assets		
Deposit	72,857	69,666
Exploration and evaluation assets (Note 4)	20,673,215	26,299,033
Property, plant and equipment (Note 5)	184,591	198,919
Total assets	\$ 27,546,800	\$ 27,437,582
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 4 and 7)	\$ 1,122,817	\$ 940,048
Total liabilities	1,122,817	940,048
Shareholders' equity		
Share capital (Note 6)	62,525,066	62,525,066
Contributed surplus	7,221,601	6,937,228
Accumulated other comprehensive loss	(3,563,631)	(4,761,437)
Deficit	(39,759,053)	(38,203,323)
Total shareholders' equity	26,423,983	26,497,534
Total liabilities and shareholders' equity	\$ 27,546,800	\$ 27,437,582

Nature and continuance of operations (Note 1)

Subsequent events (Note 11)

Approved by the Board of Directors and authorized for issuance on May 29, 2025:

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

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

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

(Unaudited - Expressed in Canadian dollars)

For the periods ended	March 31, 2025	March 31, 2024
Expenses		
Consulting (Note 7)	\$ 120,234	\$ 125,180
Depreciation (Note 5)	1,738	955
Director fees (Note 7)	38,288	38,683
Filing and regulatory	33,118	29,139
Foreign exchange loss	165,691	12,962
Insurance	21,699	14,657
Investor relations	102,513	191,347
Management fees (Note 7)	132,666	117,000
Occupancy and office (Note 7)	46,127	93,167
Professional fees	310,451	74,041
Project evaluation (Note 7)	243,494	163,996
Share-based compensation (Note 6)	284,373	2,457
Transfer agent	1,994	1,750
Travel	51,963	39,403
Loss before other items	1,554,349	904,737
Other items		
Interest income	-	(30,428)
Interest expense (Note 7)	1,381	-
	1,381	(30,428)
Net loss for the period	1,555,730	874,309
Foreign exchange (income) loss on translation of foreign operations	(1,197,806)	986,566
Net comprehensive loss for the period	\$ 357,924	\$ 1,860,875
Loss per share		
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)
Weighted average number of shares outstanding	278,854,217	256,515,479

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

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

(Unaudited - expressed in Canadian dollars)

For the periods ended	March 31, 2025	March 31, 2024
Cash flows from operating activities		
Net loss for the period	\$ (1,555,730)	\$ (874,309)
Adjustments for:		
Share-based compensation (Note 6)	284,373	2,457
Depreciation (Note 5)	1,738	955
Interest income	-	(30,428)
Interest expense (Note 7)	1,381	-
Unrealized foreign exchange loss	165,691	12,962
Changes in non-cash working capital items:		
Accounts receivable, prepaid expenses and deposits	558,519	(536,198)
Accounts payable and accrued liabilities	(697,419)	197,086
Net cash used in operating activities	(1,241,447)	(1,227,475)
Cash flows from investing activities		
Interest received	-	30,428
Exploration and evaluation expenditure (Note 4)	(264,498)	(196,775)
Acquisition of property, plant and equipment, net (Note 5)	-	(10,172)
Reimbursements of Barrick Alliance expenditures, net (Note 4)	307,708	98
Net cash from (used in) investing activities	43,210	(176,421)
Cash flows from financing activities		
Proceeds received from royalty sale, net (Note 4)	7,029,050	-
Net cash from financing activities	7,029,050	-
Change in cash and cash equivalents during the period	\$ 5,830,813	\$ (1,403,896)
Effect of foreign exchange on cash and cash equivalents	(74,000)	(80,342)
Cash and cash equivalents, beginning of the period	80,230	1,968,831
Cash and cash equivalents, end of the period	\$ 5,837,043	\$ 484,593

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

JAPAN GOLD CORP.CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED MARCH 31, 2025 AND MARCH 31, 2024

(Unaudited - expressed in Canadian dollars)

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive income (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	-	-	2,457	-	-	2,457
Net loss for the period	-	-	-	-	(874,309)	(874,309)
Foreign currency translation	-	-	-	(986,566)	-	(986,566)
Balance, March 31, 2024	256,515,479	\$ 59,659,032	\$ 6,693,532	\$ (5,343,579)	\$ (34,921,027)	\$ 26,087,958

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
Balance, December 31, 2024	278,854,217	\$ 62,525,066	\$ 6,937,228	\$ (4,761,437)	\$ (38,203,323)	\$ 26,497,534
Share-based compensation	-	-	284,373	-	-	284,373
Net loss for the period	-	-	-	-	(1,555,730)	(1,555,730)
Foreign currency translation	-	-	-	1,197,806	-	1,197,806
Balance, March 31, 2025	278,854,217	\$ 62,525,066	\$ 7,221,601	\$ (3,563,631)	\$ (39,759,053)	\$ 26,423,983

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

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

For the three months ended March 31, 2025 and March 31, 2024

(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 March 31, 2025, the Company incurred negative cash flows from operations of \$1,241,447 and recorded a net loss of \$1,555,730. 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 May 29, 2025.

Basis of consolidation

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

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

For the three months ended March 31, 2025 and March 31, 2024

(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 months ended March 31, 2025, the Company applied the critical judgments and estimates disclosed in Note 2 of the audited consolidated financial statements for the year ended December 31, 2024.

3. CASH AND CASH EQUIVALENTS

As at March 31, 2025, the balance of cash and cash equivalents is \$5,837,043 (December 31, 2024: \$80,230) of which \$5,225,676 (December 31, 2024: \$Nil) is cash equivalents related to Guaranteed Investment Certificates ("GICs") purchased during the period. During the period ended March 31, 2025, the Company redeemed \$Nil of Canadian GIC's to fund operations (December 31, 2024: \$1,750,000). During the period ended March 31, 2025, the Company redeemed \$365,000 of US GIC's to fund operations (December 31, 2024: \$Nil).

4. EXPLORATION AND EVALUATION ASSETS

	Ikutahara project	Ohra- Takamine project	Mizobe project	Other projects	Total
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
Geoscience - consulting	68,454	29,603	65,595	16,269	179,921
Drilling	-	-	-	-	-
Insurance	785	208	-	-	993
Depreciation	8,984	11,465	-	-	20,449
Travel	282	1,186	6,430	54	7,952
Field supplies	31,170	14,591	24,204	5,667	75,632
Foreign currency translation adjustment	851,843	234,360	11,806	20,276	1,118,285
Subtotal	\$ 21,684,812	\$ 5,329,333	\$ 336,224	\$ 351,896	\$ 27,702,265
Sale of royalty	-	-	-	-	(7,029,050)
Balance, March 31, 2025	\$ 22,577,876	\$ 5,591,143	\$ 378,664	\$ 377,893	\$ 20,673,215

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

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

For the three months ended March 31, 2025 and March 31, 2024

(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 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 March 31, 2025:

- 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)
- 39 Prospecting Rights at the Gumyo Project (10,529 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)
- 9 Prospecting Rights at the Mizobe West Project (2,416 hectares)
- 22 Prospecting Rights at the North Taio Project (7,009 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)
- 15 Prospecting Rights at the OT-yaeyama Project (4,484 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.

Osisko Royalty Sale

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.

As at March 31, 2025, the Company had received net proceeds of \$7,029,050 from the royalty sale and recorded this against the exploration and evaluation assets.

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

For the three months ended March 31, 2025 and March 31, 2024

(Unaudited - expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)Barrick Alliance

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.

During the period ended March 31, 2025, Barrick paid \$1,181,106 (US\$827,437) (December 31, 2024 - \$4,072,681 (US\$2,976,737)) 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 March 31, 2025, \$551,307 (US\$383,491) (December 31, 2024, \$237 (US\$164)) 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 March 31, 2025, the Company had a receivable of \$309,511 from Barrick (December 31, 2024: \$616,981), representing amounts not yet reimbursed from the restricted cash account.

Subsequent to March 31, 2025, Barrick paid \$1,014,505 (US\$734,510) to fund work programs. Including the amounts received subsequent to March 31, 2025, the Company has received a total funding of \$22,169,397 (US\$16,655,207) for the Barrick Alliance activities. To date, Barrick has not identified any project as a Designated Project

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

For the three months ended March 31, 2025 and March 31, 2024

(Unaudited - expressed in Canadian dollars)

5. PROPERTY, PLANT AND EQUIPMENT

Cost	Heavy Equipment	Vehicles	Building	Land	Furniture and Fixtures	Total
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
Purchases	-	-	-	-	-	-
Foreign currency translation adjustment	40,204	5,855	5,126	430	12,959	64,574
At March 31, 2025	\$ 918,002	\$ 133,691	\$ 117,055	\$ 9,828	\$ 295,923	\$ 1,474,499
Accumulated depreciation						
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
Depreciation capitalized to exploration and evaluation assets	9,917	4,795	3,587	-	2,150	20,449
Depreciation expense	-	-	-	-	1,738	1,738
Foreign currency translation adjustment	36,508	4,917	3,624	-	11,666	56,715
At March 31, 2025	\$ 839,568	\$ 115,140	\$ 84,921	\$ -	\$ 250,279	\$ 1,289,908
Net carrying value, December 31, 2024	\$ 84,655	\$ 22,408	\$ 34,219	\$ 9,398	\$ 48,239	\$ 198,919
Net carrying value, March 31, 2025	\$ 78,434	\$ 18,551	\$ 32,134	\$ 9,828	\$ 45,644	\$ 184,591

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

For the three months ended March 31, 2025 and March 31, 2024

(Unaudited - expressed in Canadian dollars)

6. SHARE CAPITAL**Authorized capital**

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

On November 7, 2024, the Company converted Convertible Debentures totaling \$2,866,034 including principal and interest expense 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, 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	\$ 0.30
Expired	(8,900,000)	0.32
Granted	2,450,000	0.13
Outstanding at March 31, 2025	9,060,000	\$ 0.23

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.

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

For the three months ended March 31, 2025 and March 31, 2024

(Unaudited - expressed in Canadian dollars)

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

On January 20, 2025, the Company granted 2,450,000 options to employees and consultants. The stock options are exercisable at \$0.13 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 \$81,977 for the period ended March 31, 2025 relating to the options granted during the prior year ended December 31, 2023 (December 31, 2024: \$61,823).

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

	April 10, 2024	April 11, 2024	May 21, 2024	January 20, 2025
Risk-free interest rate	3.54%	3.54%	3.71%	2.95%
Expected life of options (in years)	5	5	5	5
Expected volatility	82%	82%	82%	83%
Share price at grant date	\$ 0.13	\$ 0.12	\$ 0.09	\$ 0.09
Exercise price	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.13
Fair value	\$ 0.08	\$ 0.07	\$ 0.05	\$ 0.05
Forfeiture rate	-	-	-	-
Dividend rate	-	-	-	-

The following table summarizes information about the share options outstanding as at March 31, 2025:

Outstanding	Weighted average exercise price	Expiry date	Weighted average remaining life (years)
1,000,000	0.40	September 15, 2026	1.46
450,000	0.16	December 13, 2028	3.71
1,440,000	0.20	January 24, 2029	3.82
1,280,000	0.30	May 13, 2030	5.12
1,040,000	0.35	December 23, 2026	1.73
200,000	0.20	April 10, 2029	4.03
1,200,000	0.20	April 11, 2029	4.03
2,450,000	0.13	January 19, 2030	4.81
9,060,000 \$	0.23		3.80

As at March 31, 2025, the Company has 9,060,000 options issued and outstanding where 6,126,666 options are exercisable as at March 31, 2025 with a weighted average exercise price of \$0.27.

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

For the three months ended March 31, 2025 and March 31, 2024

(Unaudited - expressed in Canadian dollars)

6. SHARE CAPITAL (continued)**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 March 31, 2025:

Outstanding	Share price on date of grant	Expiry date	Weighted average remaining life (years)
1,561,682	0.12	April 11, 2027	2.03
10,500,000	0.08	November 7, 2026	1.61
300,000	0.07	January 16, 2027	1.80
950,000	0.09	January 20, 2027	1.81
900,000	0.14	March 26, 2027	1.99
14,211,682			2.66

As at March 31, 2025, the Company has 14,211,682 RSUs issued and outstanding with no RSUs being exercisable as at March 31, 2025.

The Company recorded share-based compensation expense of \$202,396 for the period ended March 31, 2025, relating to RSUs granted (December 31, 2024: \$184,330).

Warrants

The following table summarizes information about the warrants outstanding as at March 31, 2025:

Outstanding	Weighted average exercise price	Expiry date	Weighted average remaining life (years)
2,000,000 \$	0.07	March 19, 2026	0.97

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7. 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:

During the period ended March 31, 2025, the Company incurred \$129,000 (March 31, 2024: \$117,000) in management fees and \$77,100 (March 31, 2024: \$51,000) 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 \$33,750 in occupancy costs during the period ended March 31, 2025 (March 31, 2024: \$22,050). As at March 31, 2025, \$Nil (December 31, 2024: \$Nil) of these fees were outstanding and payable to the officer. During the period ended March 31, 2025, the Company recorded \$628 (March 31, 2024: \$605) in other income relating to a private Japanese entity controlled by the Chief Executive Officer. As at March 31, 2025, \$3,049 (December 31, 2024: \$2,421) was receivable to the Company.

The Company incurred \$6,057 in consulting fees (March 31 2024: \$13,062) to the Chief Operating Officer. As at March 31, 2025, \$2,895 (December 31, 2024: \$5,085 of these fees were outstanding and payable to the officer.

The Company incurred \$38,288 (March 31, 2024: \$38,683) in director fees to directors of the Company. As at March 31, 2025, \$26,775 (December 31, 2024: \$42,150) of these fees were outstanding and payable to the directors.

The Company incurred \$103,912 (March 31, 2024: \$Nil) in share-based compensation to related parties.

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

Other related party transactions

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 proceeds of the loan were used by the Company for short-term working capital purposes.

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.

As at March 31, 2025, the loan had been fully repaid. The total repayment included accrued interest of \$1,381, resulting in a repayment amount of \$141,381. The loan was repaid in full on February 13, 2025.

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8. 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 March 31, 2025 and December 31, 2024.

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

The Company operates in Japan and is subject to foreign currency fluctuations primarily on its cash and accounts payable and accrued liabilities denominated in a currency other than Japanese yen ("Yen or ¥"). As at March 31, 2025, 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 March 31, 2025, every 1% of change in foreign exchange rate in either direction would result in change in net loss of approximately \$3,400.

Fair value

IFRS requires disclosure about fair value measurements for financial instruments and liquidity risk using a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three-level hierarchy is as follows:

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

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

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

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9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties, and to maintain a flexible capital structure. The Company considers items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or return capital to its shareholder.

The Company currently does not earn any revenue and has relied on existing cash balances and capital financing to fund its operations. The Company is currently not subject to externally imposed capital requirements.

There were no changes in the Company's approach to capital management for the period ended March 31, 2025.

10. 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 March 31, 2025 is as follows:

		Canada		Japan	Consolidated
Current assets	\$	6,311,490	\$	304,647	\$ 6,616,137
Non-current assets		2,391,436		18,539,227	20,930,663
Total assets	\$	8,702,926	\$	18,843,874	\$ 27,546,800
Total liabilities	\$	639,371	\$	483,446	\$ 1,122,817

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

11. SUBSEQUENT EVENTS

Subsequent to the period ended March 31, 2025, the Company granted 384,615 RSUs to an employee of the Company. The RSUs will vest over a 24-month period, with 50% vesting after 12 months from the date of grant. The share price on the grant date is \$0.12. Subsequent to the period ended March 31, 2025, the Company cancelled 500,000 RSUs to a consultant of the Company.

Subsequent to the period ended March 31, 2025, the Company announced that the private placement disclosed in the press release dated April 14, 2025, has expired, and the engagement letter with the agents has been terminated.