

Form 62-103F1
Required Disclosure under the Early Warning Requirements

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

This report relates to common shares (“**Common Shares**”) in the capital of Japan Gold Corp. (“**Japan Gold**”).

Japan Gold has an office at Suite 650 – 669 Howe Street, Vancouver, British Columbia, V6C 0B4, Canada.

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

The transaction that triggered the requirement to file the report was carried out pursuant to a private transaction and not through any market. The Common Shares were distributed privately to the shareholders of Southern Arc Minerals Inc. on a pro-rata basis by way of a court approved plan of arrangement.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

Southern Arc Minerals Inc. (“**Southern Arc**”) of Suite 650 – 669 Howe Street, Vancouver, British Columbia, V6C 0B4.

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On October 22, 2020, Southern Arc disposed of 40,021,490 Common Shares pursuant to a return of capital transaction with shareholders of Southern Arc.

2.3 State the names of any joint actors.

Not applicable.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror’s securityholding percentage in the class of securities.

On October 22, 2020, Southern Arc disposed of 40,021,490 Common Shares pursuant to a return of capital transaction. As a result of this transaction, Southern Arc disposed of securities in an amount equal to more than 2% of the issued and outstanding common shares of Japan Gold on an undiluted and partially-diluted basis.

Prior to the transaction referred to in item 2.2 above, Southern Arc beneficially owned or had control or direction over a total of 40,250,000 Common Shares, representing 23.02% of the total issued and outstanding Common Shares on an undiluted basis. In addition, Southern Arc also beneficially owned or had control or direction over a total of 18,084,100 Warrants exercisable to acquire an additional 18,084,100 Common Shares.

As a result of the disposition referred to in item 2.2 above, Southern Arc's beneficial ownership of, or control or direction over, the Common Shares decreased from 23.02% to 0.13% on an undiluted basis, and decreased from 30.24% to 9.44% on a partially-diluted basis, assuming the exercise of the Warrants held by Southern Arc. Southern Arc now beneficially owns or has control or direction over a total of 228,510 Common Shares, representing 0.13% of Japan Gold's issued and outstanding common shares on an undiluted basis. In addition, Southern Arc beneficially owns or has control or direction over a total of 18,084,100 Warrants exercisable to acquire an additional 18,084,100 Common Shares, representing 9.44% of Japan Gold's issued and outstanding shares on a partially diluted basis, assuming exercise of all of the Warrants held by Southern Arc and no further Common Shares of Japan Gold have been issued.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

Southern Arc disposed ownership of, or control or direction over, securities that triggered the requirement to file this report.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Prior to the transaction referred to in item 2.2 above, Southern Arc beneficially owned or had control or direction over a total of 40,250,000 Common Shares, representing 23.02% of the total issued and outstanding Common Shares on an undiluted basis. In addition, Southern Arc also beneficially owned or had control or direction over a total of 18,084,100 Warrants exercisable to acquire an additional 18,084,100 Common Shares.

As a result of the disposition referred to in item 2.2 above, Southern Arc's beneficial ownership of, or control or direction over, the Common Shares decreased from 23.02% to 0.13% on an undiluted basis, and decreased from 30.24% to 9.44% on a partially-diluted basis, assuming the exercise of the Warrants held by Southern Arc. Southern Arc now beneficially owns or has control or direction over a total of 228,510 Common Shares, representing 0.13% of Japan Gold's issued and outstanding common shares on an undiluted basis. In addition, Southern Arc beneficially owns or has control or direction over a total of 18,084,100 Warrants exercisable to acquire an additional 18,084,100 Common Shares, representing 9.44% of Japan Gold's issued and outstanding shares on a partially diluted basis, assuming exercise of all of the Warrants held by Southern Arc and no further Common Shares of Japan Gold have been issued.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

- (a) **the acquiror, either alone or together with any joint actors, has ownership and control,**

See Item 3.1.

- (b) **the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

Not applicable.

- (c) **the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

- 3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

Not applicable.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

Item 4 – Consideration Paid

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

Not applicable. The Common Shares were distributed to the shareholders of Southern Arc on a pro-rata basis pursuant to the return of capital transaction by way of the court approved plan of arrangement, as disclosed in the information circular of Southern Arc dated August 21, 2020.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

Not applicable. The Common Shares were distributed to the shareholders of Southern Arc on a pro-rata basis pursuant to the return of capital transaction by way of the court approved plan of arrangement, as disclosed in the information circular of Southern Arc dated August 21, 2020.

- 4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

Not applicable.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer's business or corporate structure;**
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- (j) a solicitation of proxies from securityholders;**
- (k) an action similar to any of those enumerated above.**

Southern Arc has no present intention to dispose of or acquire further securities of Japan Gold. Southern Arc may, in the future participate in financings and/or acquire or dispose of securities of Japan Gold in the market, privately or otherwise, subject to a number of factors, including general market conditions and other available investment and business opportunities.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder’s fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

Item 7 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer’s securities.

Not applicable.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 – Certification

Certificate

I, as the acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

October 26, 2020
Date

“John Proust”
Signature

John Proust, CEO
Name/Title