

## **JAMES BAY SIGNS JOINT OPERATING AGREEMENT TO FINALIZE ACQUISITION OF 47% DIRECT INTEREST IN NIGERIAN OIL AND GAS FIELD**

- **51-101 Report being completed to verify historic technical work on the property**
- **Closing subject to due diligence and regulatory approvals**
- **Target near-term commercial production in 2013**

**TORONTO, ONTARIO - James Bay Resources Limited (TSX.V: JBR) ("James Bay" or the "Company")** is pleased to announce that it has entered into its first Joint Operating Agreement (JOA) with an oil and gas field owner in Nigeria. The JOA and Deed of Assignment (DOA) has been filed with the Department of Petroleum Resources (DPR). James Bay is also completing its due diligence work on the acquisition.

“This is a significant achievement for James Bay,” stated Mr. Stephen Shefsky, President & CEO. “The project represents the first oil and gas near term producing assets acquired by James Bay and will form the backbone of our development strategy in 2012. The immediate aim is to re-enter the well later this year with the goal of commercial production by mid-2013.”

The field was discovered in the early 90’s by Chevron and auctioned by the Nigerian government in the 2003 marginal field auction.

The Company is retaining Sproule International Limited in Calgary, Alberta to prepare a National Instrument 51-101 Report, to follow up the historical oil and gas resource estimates based on technical work previously completed by Chevron staff who worked on the asset after the discovery. It is expected the 51-101 Report will be completed by the end of July, 2012.

The structural framework of the field has been well delineated by the interpretation of the available 3D seismic dataset and the well control logs which James Bay and its technical consultants have reviewed. Some shallow and intermediate depth reservoirs exhibit good amplitude reflections that act as direct hydrocarbon indicators (DHIs) on the seismic reports.

The petrophysical data evaluation by James Bay confirmed four main hydrocarbon bearing intervals, consisting of both oil and gas with one bottom hole oil sample. James Bay has prepared reserve estimates and production forecasts which are based upon wire-line logs evaluation, well drilling reports and analogue experience from comparable data from nearby producing and development fields within 5 - 10 km’s of the field.

“We are excited about the opportunity for the asset and look upon this as a good building block in establishing a balanced portfolio of assets in Nigeria,” stated Mr. Knut Søvold, President & CEO of the Nigerian entity. “The asset will most probably be developed through a tie-back to either of the neighbouring fields however if the next well confirms the upside case, a stand-alone development will be considered.”

After re-entry of the discovery well and an expected Long Term Test (LTT), a new well will be drilled as an appraisal well to define the in-place volumes.

The terms of the agreement include the acquisition by JBR of a 47% direct interest in the property by paying a farm in fee of US\$2,500,000 as follows:

- The sum of US\$100,000 in five months installments from the conclusion of the Company's successful completion of its due diligence.
- The sum of US\$500,000 will be put into an escrow account to be disbursed as follows;
  - US\$200,000 shall be released upon approval of the assignment of the Company's participatory interest by the Federal Government Authorities and the issuance of all necessary documents including the Deed of Assignment.
  - US\$300,000 will be released upon the arrival of the drill rig to re-enter and drill the farm-out area following approval by relevant Government Authorities.

The sum of US\$1,000,000 shall be paid upon the completion of a final independent report of P1 reserves of 7 million proved recoverable barrels of oil, appraised in a manner satisfactory to the Company. Provided that failure to reach the above amount of proved recoverable barrels of oil, an alternative payment structure of US\$0.10 (equal to 10 cents) royalty per barrel shall be made on oil produced and sold over the term of the Award to an amount not exceeding US\$1,000,000.00.

The final sum of US\$900,000 shall be paid upon the completion of 60 days commercial production. The Company will be entitled to a preferential cash flow of 80% of the available crude oil until all costs of the joint operation by the Company have been fully realized. The remaining 20% shall be shared between the parties in proportion to their participatory interest. James Bay shall be the operator of the Project for the life of the Project.

### **About James Bay Resources**

James Bay is a well-financed Canadian resource company with 28,040,350 shares outstanding and trades on the TSX Venture Exchange under the symbol "JBR". The Company is currently pursuing agreements to acquire oil and gas assets with the objective of becoming a near-term producing company.

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