James Bay Resources Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2013

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INTRODUCTION

The Management's Discussion and Analysis ("MD&A") of James Bay Resources Limited (the "Company" or "James Bay") should be read in conjunction with the Company's consolidated audited financial statements for the years ended December 31, 2013 and 2012. Those financial statements are prepared in accordance with International Financial Reporting Standings ("IFRS") and all amounts shown in this MD&A and in the financial statements are expressed in Canadian dollars, unless otherwise noted. This MD&A was reviewed and approved by the Company's Audit Committee and Board of Directors on April 28, 2014.

FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such forward-looking statements relate to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration of the Company's exploration property. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievement of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made.

COMPANY OVERVIEW

James Bay is a junior resource company originally focused on the acquisition and exploration of base and precious metal mineral properties, with activities centered in Canada. The Company has exclusive rights in the mining claims known as the James Bay Lowlands property (the "Property"), located approximately 60 km southeast of the First Nations community of Webequie, and approximately 600 km northwest of Timmins, Ontario, Canada. The Property consists of 75 unpatented claims covering a total of approximately 974 claim units or approximately 15,648 ha of mineral exploration rights.

In 2011 the Company entered into a preliminary agreement to conduct due diligence to identify potential oil and gas acquisition targets in Nigeria.

In 2012, the Company signed an agreement to acquire a 47% interest in the Ogedeh Marginal Field Award on the Farmed-Out Area within the Oil Mining Licence 90 ("OML 90 Project" or the "Ogedeh Project"). As a result of the Company's change in focus to pursuing oil and gas assets in Nigeria, the Property was written off. On October 11, 2012, the Company filed a National Instrument 51-101 report concerning the Ogedeh Project to pursue conditional approval of its change of business under the policies of the TSX Venture Exchange.

HIGHLIGHTS

- In January 2013, the Company received conditional acceptance of its change of business ("COB"). On February 4, 2013, the Company's shareholders approved the proposed transaction for the COB.
- Receipt of Ministerial approval was a condition precedent to completion of the COB. In May 2013, the Honourable Minister of Petroleum Resources (HMPR) granted approval to the assignment of a 47% participating interest in the Ogedeh Project to the Company's wholly own subsidiary D&H Energy Nigeria Limited ("DHENL");
- The Company filed its National Instrument 51-101 (NI 51-101) report on the OML 90 Project.
- In March 2014, the Company received environmental impact assessment (EIA) approval for the OML 90 Project from the Federal Ministry of Environmental (FMEnu) of Nigeria. The approval given covers the re-entry of Ogedeh-1 well, drilling of two additional wells and other ancillary facilities.

CORPORATE STRUCTURE

On February 27, 2012, the Company incorporated a wholly-owned Nigerian subsidiary, James Bay Energy Nigeria Limited ("JBENL"). Pursuant to an agreement signed with D&H Solution AS, 100% share ownership interest of DHENL and Ondobit Limited ("OL") were transferred to JBENL on March 9, 2012.

In April 2012, 2255431 Ontario Inc. (a wholly owned subsidiary of the Company) assigned its 100% ownership interest of James Bay Coal LLC ("JBC LLC") to James Bay. JBC LLC is a US entity and a wholly owned subsidiary of James Bay. JBC LLC was later converted from a Delaware corporation to a Delaware limited liability company called James Bay Energy Nigeria LLC ("JBEN LLC"). Subsequently, 2255431 Ontario Inc. was wound up in June 2013.

In September 2013, Crestar Integrated Natural Resources Limited ("CINRL" or "Crestar") was incorporated. The Company has a 45% ownership interest in Crestar through its wholly-owned subsidiary, JBENL. As at December 31, 2013, the Company and one of its officers held the majority of voting shares of the Company and thus, effectively, controlled Crestar.

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Their respective ownership percentages are listed in the following table:

James Bay Energy Nigeria LLC, USA	100%
James Bay Energy Nigeria Limited, Nigeria	100%
D&H Energy Nigeria Limited, Nigeria	100%
Ondobit Limited, Nigeria	100%
Crestar Integrated Natural Resources Limited, Nigeria	45%

JAMES BAY DIRECT INTEREST IN OIL AND GAS FIELD

Pursuant to a deed of assignment between DHENL and Bicta Energy & Management System Limited ("Bicta") dated March 9, 2012 (the "DOA"), the Company has acquired a 47% interest in the Ogedeh Project subject to all regulatory approval. On May 28, 2012, the Company also entered into a Joint Operating Agreement (JOA) with Bicta. The JOA and DOA have been filed with the Department of Petroleum Resources (DPR). On May 17, 2013, the HMPR granted approval for the assignment of the 47% participating interest in the Ogedeh Project.

The Company has retained Sproule International Limited ("Sproule") to evaluate the oil and gas leases included under the DOA and the JOA for the Ogedeh Project.

Evaluating Report, Author, Date

Sproule, an independent qualified resource evaluator, has prepared a report in respect of the evaluation of the Ogedeh Project entitled "Evaluation of the Contingent Oil Resources of James Bay Resources Limited in Ogedeh Field, Nigeria" dated as of June 30, 2012 (the "Sproule Report").

The information set forth below is derived from the Sproule Report which has been prepared by Sproule in accordance with the standards contained in the Oil and Gas Evaluation Handbook (COGEH) and the definitions contained in National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI-51-101"). In preparing the Sproule Report, Sproule reviewed the available technical data including the geological interpretation presented by the Company, the ownership terms provided by the Company, information from relevant nearby wells or analogous reservoirs and the proposed program for the Ogedeh Project. Sproule also reviewed this material with respect to the estimated contingent resources and productivity that would be expected of successful wells, the anticipated capital cost (including drilling, completion and equipment), the average operating costs in the area and expected product prices. Sproule has assumed that there were no market restrictions on the produced resources.

All evaluations and reviews of future net cash flow are stated prior to any provision for interest costs or general and administrative costs and after the deduction of future capital expenditures for wells to which contingent resources have been assigned. It should not be assumed that the estimated future net cash flow shown below is representative of fair market value of the Company's properties. There is no assurance that such price and cost assumptions will be attained, and variances could be material. The recovery and contingent resource estimates of crude oil, NGLs and natural gas provided herein are estimates only and there is no guarantee that the estimated resources will be recovered. Actual crude oil, NGLs and natural gas production may be greater or less than the estimates provided herein. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 Bbl is based on an energy conversion equivalency method primarily applicable at the burner tip and does not represent a value equivalency at the well head.

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources have an associated chance of development (economic, regulatory, market and facility, corporate commitment or political risks). The estimates presented herein have not been risked for the chance of development. There is no certainty that any portion of the contingent resources will be developed or, if developed, there is no certainty as to either the timing of such development or whether it will be commercially viable to produce any portion of the resources. No reserves have been attributed to the Ogedeh Property.

Summary of the Sproule Report

Table S-1 below summarizes Sproule's evaluation after income taxes, and Table S-1A summarizes Sproule's evaluation before income taxes, of the contingent oil resources associated with the Company's interests in the Ogedeh Field of Nigeria, as of June 30, 2012. The Company's interests are located in Block OML 90. A map showing the location of the Company's property is included as Figure S-1.

The resources definitions and ownership classification used in Sproule's evaluation are in accordance with Canadian COGEH resources definitions and evaluation practices and procedures, which is compliant with NI 51-101.

For contingent resources, the risk component relating to the likelihood that an accumulation will be commercially developed is referred to as the "chance of development". The volumes and values presented in the Sproule Report have not been risked for chance of development.

Confirmation of commercial productivity of an accumulation by production or a formation test is required for classification of reserves as proved. In the absence of production or formation testing, probable and/or possible reserves may be assigned to an accumulation on the basis of well logs and/or core analysis that indicates that the zone is hydrocarbon bearing and is analogous to other reservoirs in the immediate area that have demonstrated commercial productivity by actual production or formation testing (after COGEH). Due to the unavailability of analogues, the volumes in the Sproule Report were assigned as contingent resources.

The price forecasts that formed the basis for the revenue projections in the evaluation of the Sproule Report were based on Sproule's June 30, 2012 pricing model. Table S-2 presents a summary of selected forecasts.

The net present values of the contingent resources are presented in thousands of United States dollars and are based on annual projections of net revenue, which were discounted at various rates. These rates are 5, 10, 15 and 20 percent and undiscounted.

Operating and capital costs were escalated to the dates incurred at 2.0 percent per year.

Summary forecasts of production and net revenue for the various resource categories are presented in Tables S-3 through S-3B.

Well abandonment and disconnect costs were included in the Sproule Report for wells which have resource volumes assigned. No allowances for reclamation or salvage values were made. No provision for abandonment or decommissioning of platforms, facilities or pipelines has been included in this evaluation.

There are no outstanding tax pools to be considered for the Company's interests under the marginal field program in Nigeria.

Property Description and Location

The Ogedeh Field is located in approximately 40 feet of water in the extreme southwestern corner of NNPC (Nigerian National Petroleum Corporation) Block OML 90 in the western Niger Delta basin. The field is bounded to the north by the Efon Field, to the northeast by the Ajapa Field (discovered in 1984), to the southeast by the Akepo Field (discovered in 1993) and to the east by Nigerian Agip Oil Company's (NAOC) Beniboye Field.

The Ogedeh Field was discovered by Chevron in 1993 by the drilling of the Ogedeh 1 well, in shallow water offshore OML 90. Hydrocarbon was found in both the B and D sands of the Agbada Formation. However, the well encountered mechanical problems and has not been tested. Well Ogedeh-2 was drilled in 1994, in a separate fault block, about 9 km southeast of Ogedeh-1. The Ogedeh-2 well was dry.

In 2004, 100 percent of the field was awarded to Bicta during the federal government discretionary bid round of 2003. In 2012, Bicta assigned 47 percent of the participating interest to DHENL through the JOA. As a result, the Company currently owns a 47 percent interest in the Ogedeh Field. The remaining interests are held by Bicta.

Geology and Resources Estimates

Geoscience

The Ogedeh Field structure is mapped at shallow levels (e.g., the thin "A" gas sands over oil) as small, narrow, elongated and asymmetrical northwest-southeast trending anticlines, located downthrown to similarly trending normal growth faults.

At intermediate and deeper levels (e.g., the oil and gas "B" and "D" sands), the structure has evolved into up-dipping closures against the downthrown side of the normal growth faults.

The field is dissected into small, narrow and semi-parallel fault blocks by a system of northwest-southeast trending normal growth faults which also control the hydrocarbon accumulations.

The Ogedeh 1 discovery well was drilled in 1993 by Chevron Nigeria Limited as a directional hole, almost parallel to the fault planes within one of the many fault blocks in the field. The well encountered 50 feet TVD oil in five sands, 26 feet TVD gas in two sands and 37 feet TVD unknown hydrocarbons in one sand. The Ogedeh 1 discovery well was prematurely suspended due to safety considerations at about 10,000 feet MD, while drilling through a sequence of high pressured reservoir sands with mudlog hydrocarbon "shows" and experiencing some mechanical problems.

The Ogedeh 2 well was drilled in 1994 on a different structure and fault block about 8 km southeast of the discovery 1 well and was water wet at all its objective levels.

Stratigraphically, the field has good alternating sequences of paralic, clean reservoir sands and marine shales in the objective Agbada Formation, which is ideal for commercial hydrocarbon generation, migration and entrapment in the Niger Delta basin.

Data Control

A Petrel project with 3D seismic data was provided. Seismic time picks for B1, B3 and D4; depth grids for B1, B3 and D4; fault sticks; fault polygons in depth; and a time-depth relationship table were provided. The well data provided included well header and various logs of the Ogedeh-1 well in las format. The location coordinates for the Ogedeh 1 and 2 wells, Ogedeh concession coordinates and reports of all the previous work done in the field were also provided.

Seismic Audit

The seismic data audit includes the verification of the defined structural framework of the field and an audit of structure maps to determine the extent of the hydrocarbon-bearing reservoir sands in the field.

The 3D seismic data provided in Schlumberger's Petrel software was quality controlled. The seismic data quality is generally good.

The B1, B3 and D4 time horizons provided in Petrel were coarse gridded. These horizons were finely gridded. Sproule considered the fault sticks and fault polygons provided to be reasonable.

The three time horizons were converted to depth using the time-depth relationship provided.

The oil tops and bases for the three horizons were generated using the tops information from the Ogedeh-1 well. In the case of the B1 sand, the GOC surface also was generated. The P90 and P1 (spill point) areas were created. Using these prospective area boundaries, gross rock volumes were calculated.

Petrophysics

Sproule conducted an independent petrophysical analysis of the B1, B2 and D4 sands using the PRIZM module in Geographix software. The objective of the analysis was to estimate the effective porosity and water saturation for the Ogedeh 1 well, having open-hole log data to estimate the original oil in place. This well is deviated; however, the deviation survey data are not available. Conventional openhole logs are recorded covering the B sand package. The underlying D sand package has only the LWD GR and resistivity logs.

The B sands were evaluated using all available logs. The volume of shale (Vsh) was computed as the minimum of two indicators: gamma ray and neutron-density combination. The apparent porosity was calculated using the average of the neutron and density porosity values. The effective porosity (PHIE) was calculated by correcting the apparent porosity for the estimated volume of shale within the formation. For the D sands, porosity logs were not available. The effective porosity was estimated from the gamma ray log to provide an approximate mean porosity value. For both sand packages, a value of 0.15 ohm-meters at 75o F was used for formation water resistivity (Rw). The water saturation (Sw) was calculated using the modified Simandoux equation, with values of a, m and n set to 1, 2 and 2, respectively. The net pay was computed using the cut-off values PHIE > 10 percent, Vsh < 50 percent and Sw < 50 percent. The well log interpretation results are illustrated in the Sproule Report in Figures 2, 3 and 4 for the B1, B2 and D4 sands, respectively.

Fluid Properties

No PVT data were available for the discovery well Ogedeh 1. The oil properties were estimated based on standard correlations, in addition to certain regional case studies for different fields located in the Niger Delta basin. The following tables summarize the oil properties used in this evaluation for both the B and D4 sands of the Agbada Formation.

Estimated Oil Properties of the Agbada B Sands

Oil gravity at standard conditions	40 deg API
Reservoir temperature	160 deg F
Initial reservoir pressure	2,400 psia
Reference Depth	5,665 ft-TVD
Initial formation volume factor	1.363 rb/stb
Oil viscosity at initial reservoir conditions	0.413 cp
Initial solution gas-oil ratio	688 scf/bbl
Saturation pressure	2,375 psia
Formation volume factor at saturation pressure	1.362 rb/stb
Oil viscosity at saturation pressure	0.409 cp

Estimated Oil Properties of the Agbada D4 Sand

Oil gravity at standard conditions	40 deg API
Reservoir temperature	292 deg F
Initial reservoir pressure	3,875 psia
Reference Depth	8,837 ft-TVD
Initial formation volume factor	1.502 rb/stb
Oil viscosity at initial reservoir conditions	0.201 cp
Initial solution gas-oil ratio	688 scf/bbl
Saturation pressure	3,105 psia
Formation volume factor at saturation pressure	1.510 rb/stb
Oil viscosity at saturation pressure	0.190 cp

Resource Volumes and Production Forecasts

The oil resources in the Ogedeh Field, Block OML 90, were estimated probabilistically. The gross rock volumes were calculated within Petrel. Reservoir rock and fluid property data were obtained from available well logs, PVT correlations and published information, either from the pool in question or from a similar reservoir producing from the same zone.

Recovery factors were selected from the results of analytical reservoir analyses. Forecasts of cash flows were prepared by forecasting annual production from the resources, production taxes, product prices and costs. Annual production was forecast taking into account the conceptual development plans proposed by the Company.

Table 1 presents the results of the probabilistic analysis. Table 2 presents a summary of the recoverable contingent oil resources, both economic and sub-economic volumes. Detailed forecasts of production and net revenue for the various resource categories are presented in Tables 3, 3-A and 3-B. All of these Tables can be read in their entirety in the Sproule Report.

The Ogedeh Field was not assigned C1 contingent resources because no flow test had been conducted to confirm productivity. Accordingly, the certainty requirements to assign C1 contingent resources could not be met.

Significant positive and negative factors relevant to the resource estimate of the Ogedeh Field include the following:

1. although good analogue data could not be obtained from nearby fields to support the viability of the resources, there is anecdotal information available in the public domain concerning certain of the comparable marginal fields in Nigeria that have been developed and put on production,

2. the operator proposes to re-enter the discovery well and conduct long term well testing via temporary facilities, to establish the sustainable productivity of the resources, but there is no assurance that the discovery well can be successfully re-entered and brought on production from the reservoirs of interest, and

3. for economic modeling purposes, the productivity of development wells has been estimated from the apparent, log interpreted, reservoir quality and by referring to publically reported production from fields in this general area but these estimates have not been substantiated by actual well test data from the existing well and the actual productivity could be either more or less than that estimated.

The specific contingencies which prevent the classification of the contingent resources as reserves in the Ogedeh Field are:

1) the absence of a flow test to confirm productivity from the formations,

2) the unavailability, in the public domain, of production and well log data from nearby fields to provide a reliable analogue and

3) the absence of fluid sample test results to characterize the in-place hydrocarbons.

These are all a result of the premature suspension of the discovery well, due to safety considerations and mechanical issues, before testing could be conducted. As a result a complete assessment of the commerciality of the project cannot be completed.

Pricing

Sproule's oil price forecast in effect on June 30, 2012 for Nigeria Bonny Light formed the basis for the prices used in our evaluation of the Ogedeh oil resource volumes, as presented in Table S-2 of the Sproule Report.

The Ogedeh crude is expected to be sweet with a gravity of approximately 40o API, and no quality adjustment was applied to the Nigeria Bonny Light crude oil price forecast. Transportation costs were included in the operating costs.

Operating and Capital Costs

The Company plans to re-enter the suspended well Ogedeh-1 and perform an extended well test for six months. Production tests incorporated with pressure measurements may confirm the potential commerciality of the hydrocarbons from the Agbada Formation. The anticipated cost for the re-entry, testing up to three separate zones and a dual completion is estimated at approximately $US 12.7 million.

Once the well test is completed, and if the resource assessment is confirmed with these production tests, the potential well resources will be completed and developed through the existing wellbore. The Company then plans to drill two offsetting appraisal wells in order to drain the remaining recoverable oil volumes from both the B and D sands of the Agbada Formation. The expected cost to drill and complete a new well is estimated at approximately $US 16.0 million.

The fixed operating costs for transporting the oil using Beniboye neighboring facilities were provided at $US 9.0 million per year.

Well abandonment and disconnect costs of $US 1.6 million per well (or 10 percent of the drilling cost of a new well) were used in the economic input, as provided by the Company. No allowances for reclamation or salvage values were made.

These costs were escalated to the dates incurred at 2.0 percent per year.

Taxes and Royalties

The tax and royalty terms used in this evaluation were provided by the Company and are as follows:

Marginal field royalties were calculated incrementally based on the following tranches:

Equal of less than (BOE/d)	Royalty
5,000	2.5%
10,000	7.5%
15,000	12.5%
25,000	18.5%

The overriding royalties paid to the farmer are calculated incrementally based on the following tranches:

Equal of less than (BOE/d)	Royalty
2,000	2.5%
5,000	3.0%
10,000	5.5%
15,000	7.5%

Nigerian Export Supervision Scheme (NESS) fees of 0.2 percent were applied against the Company net revenue. A Central Bank of Nigeria (CBN) commission of 0.25 percent was applied against the marginal field royalty. Import duties of 7 percent were applied against facility capital expenditures. A Niger Delta Development Commission (NDDC) fee was applied at 3 percent of operating and capital expenditures. An education tax of 2 percent was applied against assessable profits.

Petroleum Profit Tax was applied at a rate of 65.75 percent for the first five years of production, and at a rate of 85 percent thereafter. Tangible drilling costs are assumed to be 33 percent of the drilling capital expenditures, with the remainder designated as intangible. A Petroleum Investment Allowance (PIA) of 10 percent was applied to all qualifying tangible capital expenditures. All tangible expenditures are depreciated based on five-year straight line depreciation, though the depreciation is only 19 percent in the fifth year, as per Nigerian law. All other costs were expensed.

Table S-1

**Summary of the Evaluation of the Contingent Oil Resources (Unrisked)
and Net Present Values of the Ogedeh Field, Nigeria
(As of June 30, 2012)**

		Contingent Oil Resources (Unrisked) Mbbl			Net Present Values After Nigerian Income Taxes (MUS$)				
	Discovered Original Oil In Place Mbbl	Original	Company Gross Oil [1] Resources	Company Net Oil [2] Rseources	At 0%	At 5.0%	At 10.0%	At 15%	At 20%
Ogedeh Field (Block OML 90)									
Economic									
C2 (P50)	24,600	6,599	3,209	3,047	57,793	50,596	44,547	39,441	35,104
C2 + C3 (P10)	40,800	11,589	5,562	5,279	104,730	88,930	76,624	66,838	58,911
Sub-Economic									
C2 (P50)	-[3]	251	118	112	no values assigned (sub-economic)				
C2 + C3 (P10)	-[4]	411	193	184					
Total									
C2 (P50)	24,600	6,850	3,327	3,159	57,793	50,596	44,547	39,441	35,104
C2 + C3 (P10)	40,800	12,000	5,755	5,463	104,730	88,930	76,624	66,838	58,911

Values may not balance due to rounding

Notes:
1. Company working interest volumes before deducting royalties and burden
2. Company net economic volumes after deducting royalties and burden
3. Included in economic oil in place

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent resources have an associated chance of development (economic, regulatory, market and facility, corporate commitment or political risks). These estimates have not been risked for the chance of development. There is no certainty that any portion of the contingent resources will be developed or, if developed, there is no certainty as to either the timing of such development or whether it will be commercially viable to produce any portion of the resources.

Table S-1A

Summary of the Evaluation of the Contingent Oil Resources (Unrisked) and Net Present Values of the Ogedeh Field, Nigeria (As of June 30, 2012)

		Contingent Oil Resources (Unrisked) Mbbl			Net Present Values Before Nigerian Income Taxes (MUS$)				
	Discovered Original Oil In Place Mbbl	Original	Company Gross Oil [1] Resources	Company Net Oil [2] Rseources	At 0%	At 5.0%	At 10.0%	At 15%	At 20%
Ogedeh Field (Block OML 90)									
Economic									
C2 (P50)	24,600	6,599	3,209	3,047	209,692	176,288	150,504	130,174	113,847
C2 + C3 (P10)	40,800	11,589	5,562	5,279	417,666	324,947	262,255	217,657	184,601
Sub-Economic									
C2 (P50)	-[3]	251	118	112	no values assigned (sub-economic)				
C2 + C3 (P10)	-[4]	411	193	184					
Total									
C2 (P50)	24,600	6,850	3,327	3,159	209,692	176,288	150,504	130,174	113,847
C2 + C3 (P10)	40,800	12,000	5,755	5,463	417,666	324,947	262,255	217,657	184,601

Values may not balance due to rounding

Notes:

1. Company working interest volumes before deducting royalties and burden
2. Company net economic volumes after deducting royalties and burden
3. Included in economic oil in place

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent resources have an associated chance of development (economic, regulatory, market and facility, corporate commitment or political risks). These estimates have not been risked for the chance of development. There is no certainty that any portion of the contingent resources will be developed or, if developed, there is no certainty as to either the timing of such development or whether it will be commercially viable to produce any portion of the resources.

Table S-2 Summary of Selected Price Forecasts and Inflation Rate Assumptions (Effective June 30, 2012)			
Year	WTI Cushing [a] Oklahoma ($US/bbl)	Nigeria Bonny Light [b] ($US/bbl)	Inflation Rate [c] (%/Yr)
Historical			
2007	72.27	74.15	2.0
2008	99.59	101.37	1.1
2009	61.63	62.74	2.0
2010	79.43	80.76	1.2
2011	95.00	113.10	1.5
Forecast			
2012	86.39	103.48	2.0
2013	87.61	101.25	2.0
2014	86.67	97.97	2.0
2015	91.61	101.76	2.0
2016	99.37	109.72	2.0
2017	101.35	111.91	2.0
2018	103.38	114.15	2.0
2019	105.45	116.43	2.0
2020	107.56	118.76	2.0
2021	109.71	121.14	2.0
2022	111.90	123.56	2.0
Escalation rate of 2.0% thereafter			

Notes:

a. 40 degrees API, 0.4% sulphur
b. 36.7 degrees API, 0.33% sulphur
c. Inflation rates for forecasting costs

Table S-3

Economic Summary

Ogedeh Field, Nigeria - C2+C3: Contingent (unrisked)

Prod'n Start: 2013/01, As Of: June 30, 2012, Escalated Prices and Costs

Company Description

	Net Revenue	Net Expl	Net Dev	Net Opex
Company (% of Total)	45.47	0.00	100.00	47.78
Company (% of Contr)	47.90	0.00	100.00	47.78
Partner (% of Contr)	0.00	0.00	0.00	0.00
Contr	94.92	0.00	100.00	100.00
NOC	0.00	0.00	0.00	0.00

Model	Nigeria R/T (2000)James Bay
Global Params	SIL as of June 30, 2012
Escalation Date	2012/07
Discount Date	2012/07
Economic Limit	2032/10

Company Economic Indicators

Disc. Rate (%)	BT NPV (M$US)	AT NPV (M$US)	BT PIR (fraction)	AT PIR (fraction)
0	417,666	104,730	8.15	1.26
5.0	324,947	88,930	6.86	1.42
10.0	262,255	76,624	5.86	1.42
15.0	217,657	66,838	5.09	1.37
20.0	184,601	58,911	4.49	1.30
25.0	159,272	52,384	4.01	1.22

AT ROR (%)	487.82	Contr Take (%)	15.33
AT Payout (yrs)	0.75	NOC Take (%)	0.00
F&D ($US/BOE)	8.59	Gov't Take (%)	84.67

Company Economics (per Unit)

	(M$US)	(%)	($US/BOE)
Net Revenue	589,534	100.00	111.67
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	105,519	17.90	19.99
Tariffs	0	0.00	0.00
Prod & Asset Taxes	13,502	2.29	2.56
Capital Costs	51,248	8.69	9.71
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	417,666	70.85	79.11
Less Income Tax	312,936	53.08	59.27
After Tax Cash Flow	104,730	10.98	12.26

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	11,589	5,562	5,279
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	-	0	0
Total	(MBOE)	11,589	5,562	5,279

		Project	Contr	Company
Acquisition	(M$US)	-	-	0
Exploration	(M$US)	0	0	0
Development	(M$US)	45,355	45,355	45,355
Abandonment	(M$US)	5,893	5,893	5,893
Total	(M$US)	51,248	51,248	51,248

Company Cash Flow

Date	WI Comp Net Revenue Total	Total Operating Costs	Capital	Gov't Duties & Fees	Education Tax	NDDC Levy	Aband	BTCF	PPT	ATCF
	M$US	M$US		M$US	M$US	M$US	M$US	M$US	M$US	M$US
2012(12)	0	0	12,715	16	0	347	229	-13,307	0	-13,307
2013(12)	82,745	6,047	32,640	173	1,308	691	233	41,653	32,500	9,152
2014(12)	80,893	4,401	0	194	1,528	135	238	74,398	46,948	27,449
2015(12)	65,829	4,489	0	161	1,225	138	243	59,575	37,202	22,372
2016(12)	56,713	4,579	0	141	1,040	141	247	50,565	31,306	19,259
2017(12)	46,595	4,670	0	119	836	144	252	40,573	25,331	15,242
2018(12)	38,877	4,764	0	103	680	147	257	32,926	27,987	4,939
2019(12)	32,800	4,859	0	85	556	149	263	26,887	22,854	4,033
2020(12)	28,027	4,956	0	75	459	152	268	22,117	18,799	3,318
2021(12)	24,019	5,055	0	67	377	156	273	18,092	15,378	2,714
2022(12)	20,808	5,156	0	60	310	159	279	14,844	12,617	2,227
2023(12)	18,155	5,259	0	55	255	162	284	12,140	10,319	1,821
2024(12)	15,989	5,365	0	50	210	165	290	9,910	8,423	1,486
2025(12)	14,084	5,472	0	46	169	168	296	7,932	6,742	1,190
2026(12)	12,509	5,581	0	43	136	172	302	6,276	5,335	941
2027(12)	11,167	5,693	0	41	107	175	308	4,844	4,118	727
2028(12)	10,044	5,807	0	38	82	179	314	3,625	3,081	544
2029(12)	9,022	5,923	0	36	59	182	320	2,501	2,126	375
2030(12)	8,159	6,041	0	35	39	186	326	1,531	1,301	230
2031(12)	7,407	6,162	0	34	22	190	333	667	567	100
2032(12)	5,691	5,238	0	27	6	162	340	-82	0	-82
Total	589,534	105,519	45,355	1,599	9,403	4,099	5,893	417,666	312,936	104,730

Table S-3A

Economic Summary

Ogedeh Field, Nigeria - C2: Contingent (unrisked)

Prod'n Start: 2013/01, As Of: June 30, 2012. Escalated Prices and Costs

Company Description

	Net Revenue	Net Expl	Net Dev	Net Opex
Company (% of Total)	46.10	0.00	100.00	48.62
Company (% of Contr)	48.56	0.00	100.00	48.62
Partner (% of Contr)	89.40	0.00	0.00	0.00
Contr	94.95	0.00	100.00	100.00
NOC	0.00	0.00	0.00	0.00

Model	Nigeria R/T (2000)James Bay
Global Params	SIL as of June 30, 2012
Escalation Date	2012/07
Discount Date	2012/07
Economic Limit	2023/10

Company Economic Indicators

Disc. Rate (%)	BT NPV (M$US)	AT NPV (M$US)	BT PIR (fraction)	AT PIR (fraction)
0	209,692	57,793	4.13	0.79
5.0	176,288	50,596	3.68	0.80
10.0	150,504	44,547	3.30	0.78
15.0	130,174	39,441	2.99	0.75
20.0	113,847	35,104	2.72	0.72
25.0	100,521	31,397	2.48	0.68

AT ROR (%)	260.09	Contr Take (%)	20.07
AT Payout (yrs)	0.83	NOC Take (%)	0.00
F&D ($US/BOE)	14.89	Gov't Take (%)	79.93

Company Economics (per Unit)

	(M$US)	(%)	($US/BOE)
Net Revenue	322,338	100.00	105.80
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	53,406	16.57	17.53
Tariffs	0	0.00	0.00
Prod & Asset Taxes	7,652	2.37	2.51
Capital Costs	50,720	15.73	16.65
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	209,692	65.05	68.82
Less Income Tax	151,898	47.12	49.85
After Tax Cash Flow	57,793	12.43	13.15

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	6,599	3,209	3,047
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	-	0	0
Total	(MBOE)	6,599	3,209	3,047
		Project	Contr	Company
Acquisition	(M$US)	-	-	0
Exploration	(M$US)	0	0	0
Development	(M$US)	45,355	45,355	45,355
Abandonment	(M$US)	5,365	5,365	5,365
Total	(M$US)	50,720	50,720	50,720

Company Cash Flow

Date	WI Comp Net Revenue Total	Total Operating Costs	Capital	Gov't Duties & Fees	Education Tax	NDDC Levy	Aband	BTCF	PPT	ATCF
	M$US	M$US		M$US	M$US	M$US	M$US	M$US	M$US	M$US
2012(12)	0	0	12,715	16	0	352	400	-13,483	0	-13,483
2013(12)	72,352	6,094	32,640	152	1,087	719	408	31,253	25,663	5,590
2014(12)	64,574	4,401	0	158	1,200	138	416	58,262	36,339	21,923
2015(12)	48,006	4,489	0	122	866	141	424	41,964	25,623	16,341
2016(12)	37,681	4,579	0	100	658	143	433	31,769	18,947	12,821
2017(12)	28,179	4,670	0	79	466	146	442	22,376	13,366	9,009
2018(12)	21,378	4,764	0	65	328	149	450	15,622	13,279	2,343
2019(12)	16,375	4,859	0	50	226	152	459	10,628	9,034	1,594
2020(12)	11,957	4,956	0	40	136	155	469	6,201	5,271	930
2021(12)	9,403	5,055	0	35	82	158	478	3,594	3,055	539
2022(12)	7,432	5,156	0	31	41	162	488	1,554	1,321	233
2023(12)	5,001	4,383	0	23	8	138	497	-49	0	-49
Total	322,338	53,406	45,355	869	5,098	2,554	5,365	209,692	151,898	57,793

Economic Summary

Table S-3B

Ogedeh Field, Nigeria - C3: Contingent (unrisked)

Prod'n Start: 2013/01, As Of: June 30, 2012. Escalated Prices and Costs

Company Description

	Net Revenue	Net Expl	Net Dev	Net Opex
Company (% of Total)	44.72	0.00	0.00	46.96
Company (% of Contr)	47.13	0.00	0.00	46.96
Partner (% of Contr)	-104.69	0.00	0.00	0.00
Contr	94.89	0.00	0.00	100.00
NOC	0.00	0.00	0.00	0.00

Model	Nigeria R/T (2000)James Bay
Global Params	SIL as of June 30, 2012
Escalation Date	2012/07
Discount Date	2012/07
Economic Limit	2032/10

Company Economic Indicators

Disc. Rate (%)	BT NPV (M$US)	AT NPV (M$US)	BT PIR (fraction)	AT PIR (fraction)
0	207,974	46,937	393.55	46.65
5.0	148,659	38,335	-318.56	-61.98
10.0	111,751	32,077	-142.70	-35.86
15.0	87,483	27,398	-103.12	-30.38
20.0	70,754	23,807	-85.91	-28.24
25.0	58,751	20,987	-76.24	-27.15

AT ROR (%)	>800.00	Contr Take (%)	10.09
AT Payout (yrs)	0.00	NOC Take (%)	0.00
F&D ($US/BOE)	0.00	Gov't Take (%)	89.91

Company Economics (per Unit)

	(M$US)	(%)	($US/BOE)
Net Revenue	267,196	100.00	119.68
Less:			
Bonuses & Fees	0	0.00	0.00
Operating Costs	52,113	19.50	23.34
Tariffs	0	0.00	0.00
Prod & Asset Taxes	5,851	2.19	2.62
Capital Costs	528	0.20	0.24
Plus: Other Income/Expense	0	0.00	0.00
Before Tax Cash Flow	207,974	77.84	93.15
Less Income Tax	161,037	60.27	72.13
After Tax Cash Flow	46,937	9.23	11.04

Company Prod and Investments

		Project	Company Gross	Company Net
Oil	(MSTB)	4,991	2,353	2,233
Gas	(MMSCF)	0	0	0
NGL	(MSTB)	0	0	0
Tax	(MSTB)	-	0	0
Total	(MBOE)	4,991	2,353	2,233

		Project	Contr	Company
Acquisition	(M$US)	-	-	0
Exploration	(M$US)	0	0	0
Development	(M$US)	0	0	0
Abandonment	(M$US)	528	528	528
Total	(M$US)	528	528	528

Company Cash Flow

Date	WI Comp Net Revenue Total	Total Operating Costs	Capital	Gov't Duties & Fees	Education Tax	NDDC Levy	Aband	BTCF	PPT	ATCF
	M$US	M$US		M$US	M$US	M$US	M$US	M$US	M$US	M$US
2012(12)	0	0	0	0	0	-5	-171	176	0	176
2013(12)	10,393	-46	0	21	221	-27	-175	10,399	6,838	3,562
2014(12)	16,319	0	0	36	328	-3	-178	16,136	10,609	5,527
2015(12)	17,823	0	0	39	358	-3	-182	17,611	11,579	6,032
2016(12)	19,032	0	0	42	382	-3	-186	18,796	12,358	6,438
2017(12)	18,416	0	0	40	370	-3	-189	18,198	11,965	6,233
2018(12)	17,499	0	0	38	352	-3	-193	17,305	14,709	2,596
2019(12)	16,425	0	0	36	330	-3	-197	16,258	13,820	2,439
2020(12)	16,071	0	0	35	323	-3	-201	15,916	13,528	2,387
2021(12)	14,616	0	0	32	294	-3	-205	14,498	12,323	2,175
2022(12)	13,376	0	0	29	269	-3	-209	13,290	11,296	1,993
2023(12)	13,154	877	0	31	248	23	-213	12,188	10,319	1,870
2024(12)	15,989	5,365	0	50	210	165	290	9,910	8,423	1,486
2025(12)	14,084	5,472	0	46	169	168	296	7,932	6,742	1,190
2026(12)	12,509	5,581	0	43	136	172	302	6,276	5,335	941
2027(12)	11,167	5,693	0	41	107	175	308	4,844	4,118	727
2028(12)	10,044	5,807	0	38	82	179	314	3,625	3,081	544
2029(12)	9,022	5,923	0	36	59	182	320	2,501	2,126	375
2030(12)	8,159	6,041	0	35	39	186	326	1,531	1,301	230
2031(12)	7,407	6,162	0	34	22	190	333	667	567	100
2032(12)	5,691	5,238	0	27	6	162	340	-82	0	-82
Total	267,196	52,113	0	730	4,306	1,545	528	207,974	161,037	46,937

Figure S-1

LOCATION MAP OF OGEDEH FIELD, NIGER DELTA, NIGERIA

The Company's near term goal is to re-enter the well with the goal of commercial production 2014 subject to financing. 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.

In order to earn its interest in the Project, James Bay is required to pay an aggregate amount of US$2,500,000 as follows:

- US$100,000 due 90 days from the date of execution of JOA or within 24 hours of the execution of the JOA and Deed of Assignment ("DOA"), whichever is earlier (paid in 2012).

- US$200,000 due upon approval from Department of Petroleum Resources ("DPR") of the assignment of direct interest in OML 90 Project to the Company (paid in 2013).

- US$300,000 to be released upon the grant of government permit for drilling activity at the OML 90 project. The government permit was received in March 2014. Of this amount, US$100,000 was paid prior to December 31, 2013. The remaining US$200,000 has not yet been paid.

- US$1,000,000 upon completion of a final independent report of P1 reserves of at least 7,000,000 proven recoverable barrels of oil, or if such reserve levels are not attained, the Company shall pay US$0.10 per barrel of oil produced, to a maximum of US$1,000,000.

- US$900,000 upon the completion of 60 days of commercial production.

Included in long-term prepaid as at December 31, 2013 is US$100,000 (2012 - $nil) payment made in advance of the receipt of the grant of government permit for drilling activity.

Furthermore, the Company will pay a monthly management retainer of US$30,000 which will commence upon the date of the drill rig arriving at the OML 90 project and ending on the commencement of commercial production. The Company will provide funds required to finance the OML 90 project to its initial production of hydrocarbons (oil) on a commercially viable scale. Any sunk costs incurred exclusively by the Vendor will be reimbursed up to a maximum of US$500,000.

The Company is entitled to a preferential return of 80% of the available cash flow from oil production at OML 90until all costs of the joint operation (capital and operating expenditures) incurred by the Company to get the first oil have been fully reimbursed. The remaining 20% of available cash flow during this stage of production is shared between the Company and the Vendor in proportion to their relative percentage interest. After all joint operation costs have been fully recovered by the Company, the remaining revenue shall be shared between the Company and Vendor in proportion to their relative percentage interests.

D&H Solutions AS ("D&H")

On March 21, 2011, the Company signed a memorandum of understanding (the "MoU") to conduct due diligence, and if a suitable target is identified, to form a special purpose vehicle (the "SPV") with D&H Solution AS ("D&H") to further evaluate the identified oil and gas opportunities in Nigeria, and if suitable, negotiate an agreement to acquire and develop` such assets.

On January 5, 2012, a new agreement was signed with D&H. The new agreement calls for the transfer of all Nigerian agreements and the corporations that currently hold these agreements into a wholly owned Nigerian subsidiary of the Company, JBENL. JBENL was incorporated on February 27, 2012. In addition, the Company will retain certain senior management of D&H as senior management of JBENL. In consideration, the Company has agreed to issue to D&H share based compensation in the form of units consisting of one common share and one half of one common share purchase warrant, each whole common share purchase warrant entitling the holder to acquire one common share at a price of $1.25 for a period of two years from issuance. The units are to be issued as follows:

- 3,000,000 units upon the closing of a definitive agreement being entered into with regards to an acquisition of an interest in an oil and gas project in Nigeria and upon attaining mining licenses from the Ministry of Mines in Nigeria; and

- 3,000,000 units upon the Company reaching 1,500 barrels oil equivalent ("BOE") per day or a minimum recoverable estimate of 50 million BOE.

Simultaneously with each issuance of the units above, D&H will receive a further 300,000 stock options exercisable for a period of five years following the date of issue, with the exercise price set in the context of the market on the date of issue.

The obligations created and transactions contemplated by the agreement with D&H are subject to receipt of all requisite corporate, regulatory, shareholder and court approvals (if required) and consents, including the approval of the TSXV and, where required, the shareholders of the Company.

The Company received the mining licenses in 2013 in respect of an interest in an oil and gas project in Nigeria under a definitive agreement. However, no amounts have been accrued relating to the above units and options as TSXV approval has not been obtained for the change of business. The Company has not been able to secure the required financing for this oil & gas project which is a condition for the TSXV approval for the change of business.

MAK MERA

On March 9, 2011, James Bay entered into a letter of intent with a Nigerian oil and gas service provider, MAK MERA. On February 1, 2012, a new agreement with MAK MERA was signed. The new consulting services agreement calls for the issuance of cash and common shares of the Company to MAK MERA as follows:

- Cash payment of US$165,000 upon signing a definitive agreement (paid).
- 3,500,000 common shares upon the closing of a definitive agreement being entered into with regards to an acquisition of an interest in an oil and gas project in Nigeria and upon attaining mining licenses from the Ministry of Mines in Nigeria;
- 3,000,000 common shares if the project achieves:
  (i) Average production of at least 1,500 BOE per day over a period of 60 days, or
  (ii) A minimum recoverable estimate of 50 million BOE.

The obligations created and transactions contemplated by the agreement with Mak Mera are subject to receipt of all requisite corporate, regulatory, shareholder and court approvals (if required) and consents, including the approval of the TSXV and where required, the shareholders of the Company.

The Company received the mining licenses in 2013 in respect of an interest in an oil and gas project in Nigeria under a definitive agreement. However, no amounts have been accrued relating to the above units and options as TSXV approval has not been obtained for the change of business. The Company has not been able to secure the required financing for this oil & gas project which is a condition for the TSXV approval for the change of business. The conditions contained in the agreement with Mak Mera must be met on or prior to December 31, 2013, otherwise, any obligations of the Company under the agreement shall cease to exist. The conditions were not met by December 31, 2013. The above share issuances have not been made and no amounts have been accrued for them in the consolidated financial statements.

JAMES BAY MINERAL PROPERTY

James Bay Lowlands property (the "Property")

Introduction

The McFauld's Lake area has been the focus of many junior exploration companies, beginning with the discovery of significant VMS-style mineralization by Spider Resources in 2003 and more recently with the discovery of high-grade Ni-Cu mineralization in two separate areas by Noront Resources in 2007 and 2008, in addition to Chromite discoveries by Noront and Freewest Resources in 2008 and 2009. The area was previously explored by DeBeers for diamonds in which VMS mineralization was intersected during a drill program for kimberlites. Prior to these exploration activities, the McFauld's Lake area was not extensively explored.

The exploration targets sought in the McFauld's Lake area are nickel (Ni), copper (Cu) and platinum group elements (PGE) – known as Ni-Cu-PGE deposits –Chrome (Cr) found in chromite or chromitite deposits – copper, lead (Pb) and zinc (Zn) or Cu-Pb-Zn deposits – known as volcanogenic massive sulphide (VMS) deposits – gold (Au) associated with high sulphide iron formation, gold associated with low sulphide concentrations, and possible diamond deposits associated with kimberlite pipes.

The Company drilled the property during the fall of 2008. A total of 373 samples were collected from 11 holes totalling just over 2100 metres. The drilling program was designed to test airborne geophysical EM conductors discovered through 5 separate surveys.

The Company capitalized a total of $2,433,662 in exploration and evaluation assets. On June 29, 2012, the Company announced that it had signed an agreement to acquire a 47% interest in a Nigerian oil and gas project (see below). As a result of the Company's change in focus to pursuing oil and gas assets in Nigeria, the James Bay Property was written off.

In February 2013, the Company engaged MacDonald Mines to complete a GPS survey of all corner claim posts following the proper protocol as defined by the Ministry of Northern Development and Mines. This survey will form the basis for a report of work, which will be submitted for assessment credits once all data has been reviewed from MacDonald Mines. The data was received from MacDonald Mines in February 2014, submitted as assessment work and accepted in March 2014. As at December 31, 2013, the Company incurred $198,489 (2012 - $nil) to complete the GPS survey. As of April 30, 2014, the claims are in good standing.

As part of the MacDonald agreement, the Company will issue 50,000 warrants to MacDonald exercisable for five years with an exercise price equal to the issue price of the financing required to be completed in relation to the change of business. This warrant issuance is subject to TSXV approval and as such approval has not yet been received, no amounts have been recorded in these consolidated financial statements relating to these warrants.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUER WITHOUT SIGNIFICANT REVENUE

Exploration and Evaluation Asset

In 2013, the Company received licensing approval on the OML 90 Project. All expenditures incurred pre-licensing are not eligible exploration and evaluation asset expenditures and have thus been expensed as evaluation costs. Since the license to explore the area has been secured, all expenditures directly associated with finding specific mineral resources subsequent to May 17, 2013 have thus been capitalized to exploration and evaluation assets.

As at December 31, 2013, the Company capitalized a total of $959,817 in exploration and evaluation assets.

Description		Amount
Acquisition costs	$	207,080
Management and consultant fees		410,544
Share-based payments		23,852
Professional fees		8,790
Legal fees		5,067
Travel, meals and accommodation		17,205
Amortization		21,760
General and administrative expense[(i)]		265,519
Balance at December 31, 2013	$	959,817

(i) Included in general and administrative expense was $65,557 in consulting and salaries, $70,880 in rent, $49,379 in telephone and internet, $10,651 in insurance expense and $69,052 in other office expenses.

Evaluation Costs

In accordance with IFRS 6 "Exploration for and evaluation of mineral resources", only expenditures that can be directly associated with finding specific mineral resources can be capitalized to exploration and evaluation assets. Deferred exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential. The Company's due diligence costs related to its search for a suitable oil and gas property in Nigeria have been expensed as they relate to work performed in advance of the Company securing a license to explore any specific project.

During the year-ended December 31, 2013, the Company incurred $608,693 (December 31, 2012 - $2,568,077) in pre-licensing costs related to pursing certain oil and gas assets in Nigeria and $28,524 (December 31, 2012 - $150,463) in pre-licensing costs related to a mineral property in Nigeria. Details are as follows:

Description		2013		2012
Acquisition costs	$	-	$	247,941
Management fees (i)		263,205		944,373
Consulting fees		20,200		540,106
Travel, meals and accommodation		135,589		363,011
Professional fees		31,860		245,417
Legal fees		17,573		134,780
Transfer agent and listing fees		-		8,731
Amortization		13,279		4,594
General and administrative expense (ii)		155,511		229,587
Balance at December 31	$	637,217	$	2,718,540

(i) Included in management fees is a credit balance of $6,375 (December 31, 2012 – a debit balance of $172,356) for non-cash share-based payments to an officer of the Company.

(ii) Included in general and administrative expense was $40,943 (December 31, 2012 - $37,420) in consulting and salaries, $58,010 (December 31, 2012 - $99,120) in rent, $25,219 (December 31, 2012 - $30,617) in telephone and internet, $5,151 (December 31, 2012 - $nil) in insurance expense and $26,188 (December 31, 2012 - $62,430) in other office expense.

RESULTS OF OPERATIONS

Revenue

The Company is in the exploration and evaluation stage and therefore, did not have revenues from operations. Interest expense for the year ended December 31, 2013 was $12,215 (December 31, 2012 – Interest income $41,931).

Fourth quarter interest expense was $14,923 compared to interest income of $4,915 from the same period in 2012. The Company incurred 6% interest on shareholders' loan.

Expenses

The Company recorded total expenses of $2,049,312 for the year ended December 31, 2013 (December 31, 2012 - $3,782,064). The decrease of $1,732,752 in expenses is mainly due to the following changes:

- The Company incurred $637,217 evaluation costs for the year ended December 31, 2013 as compared to $2,718,540 in the same period of 2012. On May 17, 2013, the Company was granted licensing on the OML

90 Project in Nigeria. An aggregate of $959,817 post licensing acquisition and evaluation costs are capitalized on the statement of financial position.

- The Company incurred $166,464 in due diligence expenditures in 2013 as compared to $217,724 in the same period of 2012.

- The Company incurred $351,422 in office and general expenses in 2013 as compared to $252,237 in the same period of 2012. Included in office and general, among other things are travel, meals and accommodation, insurance and premise lease. In July 2011, the Company opened an office in Lagos, Nigeria. The Company entered into a two year term lease in October 2012 at an approximate rate of US$11,600 per month.

- The Company incurred $198,489 in exploration costs in the James Bay Lowland to complete a GPS survey to maintain the claims in good standing.

Fourth quarter expenses were $313,991, reflecting a decrease of $733,343 from the same period in 2012. This was mainly due to the decrease in evaluation costs in OML 90 Project as the Company started to capitalize the costs associated to the project as evaluation and exploration assets post licensing.

Net loss and comprehensive loss

For the year ended December 31, 2013, the Company recorded net loss and comprehensive loss of $1,886,868 (December 31, 2012 - $6,201,439) with basic and diluted loss per share of $0.06 (December 31, 2012 - $0.22). The decrease is mainly attributable to a decrease of $2,081,323 in expenditures incurred in relation to decrease of evaluation expenses incurred in Nigeria in 2013, as well as the write-off of the James Bay property in Ontario, Canada of $2,433,662 in 2012.

Fourth quarter net loss and comprehensive loss was $169,070, reflecting an decrease of $859,353 from the same period in 2012.

CASH FLOWS

Operating Activities

The Company had a net cash outflow of $2,293,199 (December 31, 2012 - $3,274,290) from operating activities for the year ended December 31, 2013. The decrease in cash outflow of $981,091 is mainly attributable to the decrease in evaluation costs.

Fourth quarter cash used in operating activities was $973,948, reflecting an increase of $5,582 from the same period in 2012.

Investing Activities

The Company had a net cash outflow of $607,300 (December 31, 2012 - $240,626) from investing activities for the year ended December 31, 2013. The Company commenced capitalizing costs associated to the OML 90 Project in evaluation and exploration assets post licensing. Included in exploration and evaluation costs are acquisition costs ($207,080), management and consultant fees ($410,544), professional fees ($8,790), travel, meals and accommodation ($17,205), and general and administrative expense ($265,519).

Fourth quarter cash used in investing activities was $26,082, reflecting a decrease of $209,713 from the same period in 2012. This is attributable to the decrease in acquisition of equipment of $117,434 and decrease in long-term prepaid of $103,898.

Financing Activities
The Company had a net cash inflow of $1,676,218 (December 31, 2012 - $nil) from financing activities for the year ended December 31, 2013. The Company received loans of $754,000 from two shareholders and directors of the Company and repaid $124,000 of those loans in fiscal 2013. The loans were unsecured; bearing interest at 6% per annum and due on February 1, 2014. In addition, the Company received advance proceeds for a private placement of $1,170,004, which closed in January 2014.

Fourth quarter cash generated in financing activities was $1,116,218 (December 31, 2012 - $nil).

SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION

SELECTED ANNUAL INFORMATION

Selected data from James Bay's financial statement for the year ending December 31, 2013 and for the two preceding financial years are as follows:

	2013 $	2012 $	2011 $
Interest (expense) revenue	(12,215)	41,931	64,526
Expenses [(i)]	2,049,312	3,782,064	1,872,318
Net loss and comprehensive loss attributable to:			
• Non-controlling interest	113,405	-	-
• Common shareholders [(ii)]	1,773,463	6,201,439	1,857,306
Basic and diluted loss per share attributable to the common shareholders of James Bay	0.06	0.22	0.07
Exploration and evaluation assets	959,817	-	2,433,662
Total assets [(iii)]	2,702,931	2,201,014	8,158,695
Total liabilities	2,673,447	176,167	104,765
Shareholders' equity	107,561	2,024,847	8,053,930
Non-controlling interest	(78,077)	-	-

(i) In fiscal 2012, a significant portion of the total expenses are related to due diligence, exploration and evaluation costs spent on projects. The above mentioned expenses, totalled to $1,002,170 in 2013 (2012 - $2,936,264; 2011 - $1,233,304). The Company commenced capitalizing OML 90 Project costs subsequent to May 17, 2013.

(ii) The high net loss and comprehensive loss in 2012, as compared to 2013 and 2011, is due to the write-down of the James Bay Property, Ontario, Canada. The Company changed its focus to pursuing oil and gas assets in Nigeria in 2012.

(iii) The total assets decreased by over $5 million from fiscal 2011 to 2012 and 2013. In addition to the mineral property write-down (mentioned above), the Company had a net cash outflow of approximately $3.5 million in 2012 to finance operating and project related costs in Nigeria.

SUMMARY OF QUARTERLY RESULTS

	Quarter-ended			
	December 31, 2013 $	September 30, 2013 $	June 30, 2013 $	March 31, 2013 $
Working capital (deficiency)	(1,177,030)	(360,817)	309,497	1,033,582
Exploration and evaluation assets	959,817	597,318	320,492	-
Operating expenses	313,989	478,525	461,014	795,784
Interest income	-	-	262	711
Net loss (income) and comprehensive loss (income) attributable to:				
• Non-controlling interest	113,405	-	-	-
• Common Shareholders	55,663	445,706	479,467	792,627
Net loss (income) and comprehensive loss (income) per share attributable to the common shareholders of James Bay	0.01	0.02	0.02	0.03

	Quarter-ended			
	December 31, 2012 $	September 30, 2012 $	June 30, 2012 $	March 31, 2012 $
Working capital	1,789,835	3,015,599	4,063,866	4,876,068
Exploration and evaluation assets	-	-	-	2,433,662
Operating expenses	677,335	1,065,637	946,321	1,092,771
Interest income	4,915	9,296	13,495	14,225
Net loss and comprehensive loss	658,423	1,081,796	3,365,682	1,095,538
Net loss and comprehensive loss per share	0.02	0.04	0.12	0.04

Notes: Net loss per share on a diluted basis is the same as basic net loss per share, as all outstanding stock options and warrants are anti-dilutive.
All net loss and comprehensive loss in 2012 is attributable to common shareholders of James Bay.

LIQUIDITY AND OUTLOOK

The Company had opening cash and cash equivalents balance of $1,261,307 and restricted cash of $497,450 at January 1, 2013. The Company used $2,293,199 in operating activities, $607,300 in investing activities and generated cash inflow of $1,676, 218. At December 31, 2013, the Company had cash and cash equivalents of $36,571 and restricted cash of $1,076,728. Included in restricted cash is $957,194 of private placement proceeds relating to the financing which closed on January 31, 2014.

As at December 31, 2013, the Company had no source of operating cash inflows and reported a net loss and comprehensive loss for the year-end of $1,886,868 and a deficit of $9,442,176. Because of continuing operating losses and a working capital deficiency, the Company's continuance as a going concern is dependent upon its ability to obtain equity capital and financing for its working capital and for the exploration, development and operation of its properties.

The Company's near-term goal is to seek financing to fund working capital (approximately $1.85 million, with $600,000 to be used to repay existing debt), and to enable the Company to further the foundation of its proposed oil and gas business in Nigeria including well planning (approximately $500,000) and jack up rig deposits (approximately $2.5 million), pending raising up to an additional $20 million which it is anticipated will be raised through debt financing to fully fund the re-entry costs for the Ogedeh Project. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. The Company is also seeking additional opportunities which may include acquisitions or joint ventures.

The Company's opinion concerning liquidity and its ability to avail itself in the future of the financing options mentioned above are based on currently available information. To the extent that this information proves to be inaccurate, future availability of financing may be adversely affected. Factors that could affect the availability of financing include the Company's performance (as measured by various factors including the progress and results of its exploration work) and equity markets, investor perceptions and expectations of past and future performance, the global financial climate.

CAPITAL RESOURCES

Common shares

At December 31, 2013, the Company had issued and outstanding 28,040,350 common shares. The Company completed the first tranche of a non-brokered private placement of 1,930,424 Units at a price of $1.00 per Unit on January 31, 2014. Each Unit is comprised of one common share and one common share purchase warrant. As a result, the Company has 29,970,774 issued and outstanding common shares as at April 30, 2014.

Warrants

There were no warrants outstanding as of December 31, 2013. On January 31, 2014, the first tranche of non-brokered private placement was closed and the Company issued 1,990,821 warrants, which includes 60,397 of finder's warrants. As of April 30, 2014, the Company has 1,990,821 issued an outstanding warrants.

Stock options

At December 31, 2013 and April 30, 2014, a total of 800,000 stock options are issued and outstanding with expiry dates ranging from June 11, 2015 to June 1, 2017. The weighted average exercise price for all stock options is $0.58. All stock options entitle the holder to purchase common shares of the Company.

FINANCIAL INSTRUMENTS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures from the previous period.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash equivalents consist of guaranteed investment certificates that have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Management believes that the credit risk concentration with respect to cash equivalents and amounts receivable is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2013, the Company had cash and restricted cash of $1,113,299 (December 31, 2012 - $1,758,757) to settle current liabilities of $2,673,447 (December 31, 2012 - $176,167). The Company has a working capital deficiency of $1,177,030 at December 31, 2013 (December 31, 2012 - $1,789,835). The Company's financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. Included in accounts payable and accrued liabilities is an amount of approximately $108,000 which bears an interest rate of 15%.

Currency Risk

The reporting currency of the Company is in Canadian dollars. The Company enters into transactions denominated in United State dollars, Nigerian naira for which the related expenses accounts payable balances are subject to exchange rate fluctuations. The functional currency of each of the Company’s operating subsidiaries is the United State dollar. The Company does not specifically hedge its exposure to foreign currency.

Market risk

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term guaranteed investment certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Price risk

The ability of the Company to pursue its resource interests and the future profitability of the Company is directly related to the market price of oil and gas.

(c) Foreign currency risk

The Company is subject to foreign exchange risk as the Company has certain assets and liabilities, and makes certain expenditures, in US dollars and Nigerian Naira. The Company is therefore subject to gains and losses due to fluctuations in the US dollar and the Naira relative to the Canadian dollar. The Company does not hedge its foreign exchange risk.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period. The Company’s cash equivalents as at December 31, 2013 was $nil (December 31, 2012 cash equivalents were held at a fixed interest rate of 1.3%) and are therefore not subject to fluctuations in interest rates.

Fair Value

The carrying value of cash and cash equivalents, restricted cash, amounts receivable and accounts payable and accrued liabilities and due to shareholders approximate their fair value due to the relatively short periods to maturity of the financial instruments.

Fair value hierarchy and liquidity risk disclosure
Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). As at December 31, 2013 and 2012, the Company's had no financial instruments carried at fair value.

RECENT ACCOUNTING PRONOUCEMENTS AND CHANGES IN ACCOUNTING POLICIES

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2014 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 32 – Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014.

IAS 36 – Impairments of Assets ("IAS 36") was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014.

Changes in Accounting Policies
The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions.

IFRS 7 — Financial Instruments: Disclosures ("IFRS 7") was amended by the IASB in December 2011 to amend the disclosure requirements in IFRS 7 to require information about all recognised financial instruments that are offset in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The adoption of this standard did not result in any changes to the Company's disclosure of its financial instruments.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) was issued by the IASB in May 2011 and will replace IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect returns. The adoption of this standard did not result in any changes in the consolidation status of the Company’s subsidiaries.

IFRS 11 – Joint Arrangements (“IFRS 11”) was issued by the IASB in May 2011 and will replace IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: joint operations and joint ventures. A joint operation exists when the parties have rights to the assets and obligations for the liabilities of a joint arrangement. A joint venture exists when the parties have rights to the net assets of a joint arrangement. Assets, liabilities, revenues and expenses in a joint operation are accounted for in accordance with the arrangement. Joint ventures are accounted for using the equity method. The adoption of this standard did not result in any changes to the Company’s investments in joint ventures.

IFRS 12 – Disclosure of Interests in Other Entities (“IFRS 12”) was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles and off balance sheet vehicles. The adoption of this standard did not result in any changes to the Company’s disclosure requirements for interests in other entities.

IFRS 13 – Fair Value Measurement (“IFRS 13”) was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRS. IFRS 13 clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. It also establishes disclosures about fair value measurement. The adoption of this standard did not result in any significant changes to the Company’s disclosures of its financial instruments.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended by the IASB in June 2011. As a result of the amendment, items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The adoption of this standard has not resulted in any disclosure requirements as the Company’s net loss is equal to the Company’s comprehensive loss.

RELATED PARTY DISCLOSURES

The consolidated audited financial statements include balances and transactions with directors and officers of the Company and/or corporations related to them. During the years ended December 31, 2013 and 2012 the Company entered into the following transactions involving related parties:

The Company rented office space from a corporation controlled by a director of the Company which ended in November 2012. During the year ended December 31, 2013, approximately $Nil (December 31, 2012 - $36,326) was charged by this corporation. The amount is included in office and general expense on the statement of loss and comprehensive loss.

The Company rents office space from a corporation with common directors and officers. During the year ended December 31, 2013, approximately $49,030 (December 31, 2012 - $2,540) was charged by this corporation. The amount is included in office and general expense on the statement of loss and comprehensive loss. As of December 31, 2013, included in accounts payable and accrued liabilities is $44,147 (December 31, 2012 - $Nil) owing to this corporation.

The Company incurred legal fees of approximately $236,689 (December 31, 2012 - $211,600) with a law firm of which a partner is a director of the Company. This amount is included in professional fees on the statement of loss and comprehensive loss. As of December 31, 2013, included in accounts payable and accrued liabilities is $191,620 (December 31, 2012 - $24,165) owing to this law firm.

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and other members of key management personnel for the years ended December 31, 2013 and 2012 were as follows:

	2013	2012
	$	$
Management salaries and benefits [(i)]	777,257	735,846
Share-based payments [(ii)]	17,094	172,356

(i) Included in management salaries and benefits are $180,000 (2012 - $180,000) paid to the President, CEO and Director of James Bay, US$150,000 (2012 - US$285,000) paid to the President, CEO and Director of subsidiary companies in Nigeria and US$360,000 (2012 - US$210,000) paid to the Country Manager and COO. The Country Manager and COO was retained by the Company in June 2012.

(ii) On June 1, 2012, the Company granted 600,000 stock options to an officer of the Company. An amount of $17,094 (2012 - $172,356) was recorded relating to these stock options for the year ended December 31, 2013.

All of the above amounts payable to related parties are unsecured, non-interest bearing, with no fixed terms of repayment.

NON-CONTROLLING INTEREST

For the year ended December 31, 2013, the Company has an effective 45% interest in its Nigerian subsidiary, Crestar Integrated Natural Resources Limited and the remaining 55% portion represents a non-controlling interest. As at December 31, 2013, losses attributable to the non-controlling interest of $113,405 have been recognized in the consolidated audited financial statements.

The Company has fully consolidated Crestar even though it owns less than 50% of the shares. The Company has entered into a Financial and Technical Service Agreement with Crestar whereby the Company is appointed the Financial and Technical Partner with respect to acquiring oil and gas projects in Nigeria. The Company provides the funding to Crestar and shall meet all required financial obligations. The Company is responsible for providing technical assistance, appointing personnel and carrying out the evaluation, development and production from the projects. The Company's Country Manager and COO is the President and CEO of Crestar.

Summarized financial information for Crestar is as follows:

	2013
	$
Current and total assets	59,639
Current and total liabilities	202,362
Net loss and comprehensive loss	206,190

The above financial information are from the period from September 2, 2013 (the date of incorporation) to December 31, 2013.

COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to $864,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. Additional minimum management contract commitments remaining under these contracts are approximately $664,000, of which $412,000 is due within one year and the remainder is due within two years.

The Company is subject to a lease commitment for premises in Nigeria expiring in September 2017. Additional minimum lease payments required under this lease total approximately $501,000, of which $134,000 will be incurred within one year. The first two years relating to this lease were paid in advance and $111,072 is included in current prepaid expenses as at December 31, 2013 relating to this lease.

During 2012, the Company entered into a lease agreement for office space in Canada expiring on November 30, 2014. Minimum lease payments under this lease total approximately $47,000 will be incurred within one year.

During 2013, the Company entered into an agreement with a corporation which will work with the Company to facilitate the acquisition of oil and gas projects. Pursuant to the agreement, the Company will pay a fee of 2% of the transaction cost on the closing of an acquisition. The Company may also be required to pay an additional fee of 2% of the transaction cost in equal quarterly payments over 10 years. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

SUBSEQUENT EVENTS

Private placement

On January 31, 2014, the Company completed the first tranche of a non-brokered private placement of 1,930,424 Units at a price of $1.00 per Unit. Each Unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable for a common share at a price of $1.25 for 36 months from the date of issuance.

In connection with the private placement, the Company issued an aggregate of 60,397 finder's warrants and paid an aggregate amount of $60,397 in cash finder's fees. Each finder's warrant entitles the holder to acquire one common share at a price of $1.00 for 36 months from the date of issuance.

Included in deferred financing fees is an approximately $194,000 share issue cost in connection with the private placement.

As at December 31, 2013, the Company had received proceeds towards this financing of $1,170,004. These funds were recorded as subscription payable in the statement of financial position as the financing had not closed as at December 31, 2013.

Due to shareholders

The amounts due to shareholders were paid in full subsequent to December 31, 2013. See Note 9 of the consolidated financial statements for the year ended December 31, 2013.

Subsequent to December 31, 2013, certain shareholders advanced an additional $522,900 and an additional US$45,000 ($48,000) to the Company.

Financing fee

The Company undertakes to pay non-refundable financing fees of US$600,000 to arrangers and an underwriter who has been engaged to assist the Company in securing financing in an acquisition of an oil and gas asset in Nigeria, US$400,000 of which has been paid as of April 28, 2014.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

RISKS AND UNCERTAINTIES

The Company, through its subsidiary, holds interest in a petroleum property in Nigeria. As such, it is exposed to the laws governing the Nigerian petroleum industry with respect to matters such as taxation, environmental compliance, and other regulatory and political factors as well as shifts in politics and labor unrest. Any of which could adversely affect the Company and its future exploration and production activities

Additional Capital

The Company conducted due diligence to identify potential acquisition targets of onshore/offshore Nigerian oil and gas projects. If the results are favourable, Company will require additional capital which may come from future financings. There can be no assurance that the Company will be able to raise such additional capital if and when required on terms it considers acceptable.

No History of Profitability

The Company is an exploration company with no history of profitability. There can be no assurance that the operations of the Company will be profitable in the future. The Company has limited financial resources and will require additional financing to further explore, develop, acquire, retain and engage in commercial production on its property interests and, if financing is unavailable for any reason, the Company may become unable to acquire and retain its mineral concessions and carry out its business plan.

Government Regulations

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. For the Company to carry out mining activities, exploitation licenses must be obtained and kept current. There is no guarantee that the Company's exploitation licenses would be extended or that new exploitation licenses would be granted. In addition, such exploitation licenses could be changed and there can be no assurances that any application to renew any existing licenses will be approved. The Company may be required to contribute to the cost of providing the required infrastructure to facilitate the development of its properties. The Company will also have to obtain and comply with permits and licenses which may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to comply with any such conditions.

Market Fluctuation and Commercial Quantities

The market for minerals is influenced by many factors beyond the control of the Company such as changing production costs, the supply and demand for resources, the rate of inflation, the inventory of resources producing companies, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of substitutes, currency availability and exchange rates, interest rates, speculative activities in connection with resources, and increased production due to improved extractor and production methods. The resources industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of resources are discovered, a market will exist for profitable sale. Commercial viability of precious and base metals and oil and gas deposits may be affected by other factors that are beyond the Company’s control including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors which may affect commercial viability so that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital.

Mining Risks and Insurance
The Company is subject to the risks normally encountered in the mining industry, such as unusual or unexpected geological formations, cave-ins or flooding. The Company may become subject to liability for pollution, damage to life or property and other hazards of mineral exploration against which it or the operator of its exploration programs cannot insure or against which it or such operator may elect not to insure because of high premium costs or other reasons. Payment of such liabilities would reduce funds available for acquisition of mineral prospects or exploration and development and could have a material adverse effect on the financial position of the Company.

Competition
The mineral exploration and mining industry is competitive in all phases of exploration, development and production. The Company competes with a number of other entities and individuals in the search for and the acquisition of attractive properties. As a result of this competition, the majority of which is with companies with greater financial resources than the Company, the Company may not be able to acquire attractive properties in the future on terms it considers acceptable. Finally, the Company competes with other resource companies, many of whom have greater financial resources and/or more advanced properties that are better able to attract equity investments and other capital. The ability of the Company to acquire attractive properties in the future depends not only on its success in exploring and developing its present properties and on its ability to select, acquire and bring to production suitable properties or prospects for exploration, mining and development. Factors beyond the control of the Company may affect the marketability of minerals mined or discovered by the Company.

Environmental Protection
The mining and mineral processing industries are subject to extensive governmental regulations for the protection of the environment, including regulations relating to air and water quality, mine reclamation, solid and hazardous waste handling and disposal and the promotion of occupational health and safety which may adversely affect the Company or require it to expend significant funds.

Aboriginal Claims
Aboriginal rights may be claimed on Crown or other types of tenure with respect to which mining rights have been granted. The Company is not aware of any aboriginal claims having been asserted or any legal actions relating to native issues having been instituted with respect to any of the mineral claims in which the Company has an interest. Should aboriginal claims be made against the Property and should such a claim be resolved by government or the courts in favour of the aboriginal people, it could materially adversely affect the business of James Bay only for the James Bay lowlands property. The Company is fully aware of the mutual benefits afforded by cooperative relationships with indigenous people in conducting exploration activity and is fully supportive of measures established to achieve such cooperation.

Conflicts of Interest
Certain of the directors and officers of the Company may also serve as directors and officers of other companies involved in gold and precious metal or other natural resource exploration and development and consequently, the possibility of conflict exists. Any decisions made by such directors involving the Company will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Company and such other companies. In addition, such directors declare, and refrain from voting on any matters in which such directors may have a conflict of interest.

Additional Information

Additional information relating to the Company can also be found on SEDAR.

CORPORATE INFORMATION

Board of Directors

Stephen Shefsky	Founder and Director
Wayne Egan	Non-Executive Chairman
Mark Brennan	Founder and Director
Mike Sylvestre	Director
Jon Pereira	Director
Knut Sovold	Director

Office locations

Corporate Office
20 Victoria Street, 8th Floor
Toronto, Ontario, Canada
M5C 2N8

Subsidiary Companies

James Bay Energy Nigeria Limited
D&H Energy Nigeria Limited
Ondobit Limited
Crestar Integrated Natural Resources Limited
2 Obudu Close, Osborne Foreshore Estate
Iyoki Lagos, Lagos, Nigeria

Legal Counsels

Weirfoulds LLP
Toronto, Ontario, Canada

Detail Solicitor
Lekki Phase 1, Lagos, Nigeria

Auditors

McGovern, Hurley, Cunningham, LLP
Toronto, Ontario, Canada

KPMG
Falomo, Lagos, Nigeria

Registrar & Transfer Agent

TMX Equity Transfer Services Inc.
Toronto, Ontario, Canada

Bankers

CIBC
Toronto, Ontario, Canada

Ecobank
Ilupeju, Lagos, Nigeria

Stock Exchange Listing

TSX Venture Exchange - Symbol: JBR