JAMES BAY RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months period ended March 31, 2011

JAMES BAY RESOURCES LIMITED

The following Management's Discussion and Analysis ("MD&A") has been prepared as at June 20, 2011. The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars. The MD&A of James Bay Resources Limited (the "Company" or "James Bay") should be read in conjunction with the Company's interim consolidated financial statements for the three months ended March 31, 2011. Those financial statements are prepared in accordance with International Financial Reporting Standings ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

CONVERSION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The Accounting Standards Board of Canada ("AcSB") requires that Canadian publicly accountable enterprises adopt IFRS effective January 1, 2011.

The Company's condensed consolidated interim financial statements for the period ending March 31, 2011 are the Company's first IFRS condensed consolidated interim financial statements for part of the period covered by the first IFRS consolidated annual financial statements to be presented in accordance with IFRS for the year ending December 31, 2011. Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with Canadian GAAP.

Although IFRS employs a conceptual framework that is similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure. For further information, please refer to the Company's condensed interim consolidated financial statements and notes for the three months ended March 31, 2011.

COMPANY OVERVIEW

James Bay is a junior resource company 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 107 unpatented claims covering a total of approximately 1,367 claim units or approximately 21,812 ha of mineral exploration rights.

In March 21, 2011 the Company entered into a preliminary agreement to conduct due diligence to identify potential oil and gas acquisition targets in Nigeria. Management's goal is to continue seeking additional opportunities to add value for shareholders.

History and corporate structure

The Company was incorporated on November 5, 2007 as "2153325 Ontario Inc." pursuant to the provisions of the Business Corporations Act (Ontario). By articles of amendment on November 22, 2007, the Company changed its name to its current name "James Bay Resources Limited". By articles of amendment effective June 16, 2008, the Company removed the restrictions on the issue, transfer or ownership of shares of the Company.

EXPLORATION AND EVALUATION ACTIVITIES

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.

On March 4, 2010, 3 mining claims were re-staked due to claim tag issues. Rather than requesting a Mining Recorder's Order to move claim posts, it was far more efficient and cost effective to restake the claims. Under provisions of the Ontario Mining Act, a Notice of Restaking of Transferred Claim could be filed for each of the 3 claims so that the assessment work on file for the original claims would not be lost and would be directly transferred to the new mining claim. A Notice of Restaking of Transferred Claim was filed for each of the 3 claims on March 16, 2010.

On November 15, 2010, an application for an extension of time to perform and file assessment work on mining claims 4225371, 4225372 and 4225373 in Base Map Area 526864 in the Thunder Bay Mining Division was granted. JBR has until September 5, 2011 to perform and file assessment work on these 3 claims (known as E Block claims). As of March 31, 2011, there is sufficient assessment work to keep the main contiguous block of claims in good standings for approximately 2 years.

JAMES BAY RESOURCES LIMITED

EXPLORATION AND EVALUATION ACTIVITIES (continued)

EXPLORATION AND EVALUATION ASSETS

The Company capitalized $2,438,662 since incorporation related to its James Bay Lowlands property. These costs are detailed as follows:

Description	Amount
Balance at January 1, 2009	$ 2,529,529
Assaying	3,924
Drilling	(27,292)
Fuel and transportation	46,613
Mapping and airborne geophysics	(105,133)
Site management and Supplies	(14,888)
Staking costs	(1,366)
Travel and accommodation	142
Balance at December 31, 2009	2,431,529
Costs incurred during the year 2010:	7,133
Balance at December 31, 2010	$ 2,438,662
Costs incurred during the period:	-
Balance at March 31, 2011	**$ 2,438,662**

EXPLORATION AND EVALUATION ACTIVITIES (continued)

Oil and Gas Property activities

On March 21, 2011, the Company entered into a preliminary agreement with D&H Solutions AS ("D&H") to partner in conducting due diligence and identifying potential acquisition targets of significant onshore/offshore Nigerian oil and gas projects.

The Company has 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 (a 50/50 partnership between Hemla of Norway and Korea's DSME (Daewoo Shipbuilding and Marine Engineering) to further evaluate the identified oil and gas opportunities in Nigeria, and if suitable negotiate an agreement to acquire and develop these assets. It is intended that James Bay will earn a 50% interest in the SPV on the condition that the Company invests up to US$32 million. As part of the initial MoU, James Bay will deposit US$2 million in an escrow account to provide initial funding assurances to its future joint venture partner D&H for purposes of conducting the initial due diligence to identify and secure the acquisition of oil and gas property targets. An additional up to US$10 million will be invested by James Bay after signing an agreement to acquire an advanced oil and gas project, with the funds due within 30 days of receipt of all regulatory approvals, with the up to US$20 million balance to be invested within one year of signing an acquisition agreement in respect of an identified target.

The Company has also entered into a letter of intent with an established indigenous Nigerian oil and gas service provider MAK MERA. MAK MERA provides upstream oil and gas expertise and contacts that will facilitate James Bay's entry into the Nigerian hydrocarbon industry should an identified target be secured, and an agreement made for its acquisition through the SPV. Subject to locating and completing an acquisition of a target oil and gas asset, the Company will pay US$300,000 and will issue up to 12.5 million shares representing 30% of its issued and outstanding shares to MAK MERA based on the following schedule:

a) US$300,000 to be paid and 3.25 million shares to be issued upon successful completion of due diligence and acquisition of oil and gas assets in Nigeria;

b) 3.25 million shares to be issued upon the Company reaching 1,500 boe per day;

c) 3 million shares to be issued upon the Company reaching 4,000 boe per day;

d) 3 million shares to be issued upon the Company reaching 5,500 boe per day.

SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION

The condensed interim consolidated financial statements of the Company to which this MD&A relates were prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the IASB. These are the Company's first IFRS condensed interim consolidated financial statements and IFRS 1, First Time Adoption of IFRS has been applied, as they are part of the period covered by the Company's first IFRS consolidated financial statements for the year ending December 31, 2011. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. The Company's condensed interim consolidated financial statements were prepared in accordance with Canadian GAAP until December 31, 2010. Canadian GAAP differs from IFRS in some areas and accordingly, the significant accounting policies applied in the preparation of these condensed interim consolidated financial statements are set out below and have been consistently applied to all periods presented except in instances where IFRS 1 either requires or permits an exemption. An explanation of how the transition from Canadian GAAP to IFRS has affected the reported consolidated statements of financial position, comprehensive loss and changes in equity of the Company is provided in note 17 to the March 31, 2011 interim statements. This note includes information on the provisions of IFRS 1 and the exemptions that the Company elected to apply, reconciliations of equity, net income and comprehensive income for comparative periods and equity at the date of transition, January 1, 2010.

SUMMARY OF FINANCIAL POSITION		(as at March 31, 2011)
Total assets	$	9,797,439
Cash and cash equivalents		6,960,285
Working capital		6,908,443
Total shareholders' equity		9,725,182

The following table sets out the annual and quarterly financial information of James Bay and is derived from the Company's audited financial statements for the years ended December 31, 2010 and the three months period ended March 31, 2011.

Summary of Consolidated Statement of Financial Position

	March 31, 2011 ($)	December 31, 2010 ($)	January 1, 2010 ($)
Current assets	6,980,700	7,069,878	7,861,471
Current liabilities	72,257	144,029	41,386
Working capital	6,908,443	6,925,849	7,820,085
Total assets	9,797,439	10,055,265	10,483,702
Shareholders' equity	9,725,182	9,911,236	10,442,316
Deficit	2,160,488	1,974,434	1,575,586

SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION (continued)

Summary of Consolidated Statement of Comprehensive Loss

	March 31, 2011 ($)	December 31, 2010 ($)	January 1, 2010 ($)
Expenses	191,072	886,107	169,760
Net loss (income) and comprehensive loss	186,054	825,527	(2,644)
Net loss per share	0.01	0.03	0.00
Weighted average number of shares	28,040,350	28,040,350	28,040,350

Notes: Net loss per share on a diluted basis is the same as basic net loss per share, as all factors which were considered in the calculation are anti-dilutive.

RESULTS OF OPERATIONS AND CASH FLOWS

Revenue
The Company is in the development stage and therefore did not have revenues from operations. Interest income for the period ended March 31, 2011 was $25,774, (March 31, 2010 - $16,153).

Net Loss
The Company recorded a loss of $186,054 with basic and diluted loss per share of $0.01 for the period ended March 31, 2011 as compared to $190,941 in the comparative period.

Expenses
The Company recorded $191,072 in total expenses for the quarter ended March 31, 2011 which is not a material change as compared to $190,566 in the comparative period.

JAMES BAY RESOURCES LIMITED

SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION (continued)

SUMMARY OF QUARTERLY RESULTS

For each reporting period in 2011, we will also present comparative information for 2010, both for interim and annual financial statements, as applicable, on an IFRS basis. The quarterly results for the period ended March 31, 2011 and 2010 have been restated on an IFRS basis.

Quarter ended	IFRS basis			
	March 31, 2011	**December 31, 2010**	**September 30, 2010**	**June 30, 2010**
Working Capital	$6,908,443	$6,925,849	$7,072,141	$7,491,805
Exploration and Evaluation Assets	2,438,662	2,438,662	2,438,662	2,438,662
Operating (income) expenses	191,072	(5,145)*	221,454	665,234
Share-based compensation	-	42,000	17,644	73,605
Interest Income	25,774	20,481	44,079	16,025
Loss and Comprehensive loss	186,054	29,914	165,575	625,099
Loss and Comprehensive loss per share	0.01	0.00	0.01	0.02

Quarter ended	IFRS basis Mar-31	Canadian GAAP		
	2010	**December 31, 2009**	**September 30, 2009**	**June 30, 2009**
Working Capital	$7,671,285	$7,820,085	$7,850,606	$8,084,202
Exploration and Evaluation Assets	2,438,631	2,431,529	2,538,028	2,547,377
Operating expenses	190,566	169,760	371,737	262,573
Share-based compensation	49,198	50,291	85,579	86,068
Interest Income	16,153	38,962	42,591	66,828
Loss (Income) and Comprehensive loss	190,941	(2,644)	329,146	195,745
Loss (Income) and Comprehensive loss per share	0.01	(0.00)	0.01	0.01

* Expenses in the fourth quarter of 2010 were reduced by the reimbursement of due diligence fees.

Notes: Net loss per share on a diluted basis is the same as basic net loss per share, as all factors which were considered in the calculation are anti-dilutive.

SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION (continued)

CASH FLOWS

Operating Activities

The company had a net inflow of $476,231 from operating activities (March 31, 2010 – cash outflow of $159,291). The increase of cash inflow is mainly due to the net change in non-cash working capital. The Company received $739,030 amounts receivable during this period.

Investing Activities

The Company had a net inflow of $218,258 (March 31, 2010 - $Nil) from sale of investments and interest income. The Company had no exploration activities in the James Bay Lowlands during this quarter.

Financing Activities

The Company had no financing activities in this period.

LIQUIDITY

The Company had opening cash and cash equivalents balance of $6,310,432. The Company received $476,231 cash inflows from operating activities and a $218,256 inflow from investing activities during the period. At March 31, 2011, the Company had cash and cash equivalents of $6,960,285.

Common shares

At March 31, 2011, the Company had issued and outstanding 28,040,350 common shares. There were no additional common shares issued between the period from April 1, 2011 to June 20, 2011.

Warrants

At March 31, 2011, a total of 3,723,925 warrants were outstanding, with each warrant entitling the holder to purchase one common share of the Company with expiry date of July 24, 2011. There were no warrants issued or exercised between the period from April 1, 2011 to June 20, 2011.

Stock options

At March 31, 2011, a total of 2,765,000 stock options are issued and outstanding with expiry dates ranging from April 2, 2013 through to June 11, 2015. The weighted average exercise price for all stock options is $0.75. All stock options entitle the holder to purchase common shares of the Company. There were no additional stock options issued or exercised between the period from April 1, 2011 to June 20, 2011.

OUTLOOK

The Company’s near-term goal is to preserve cash and cash equivalents to the greatest extent possible. The Company is seeking additional opportunities which may include acquisitions or joint ventures.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates used in the preparation of the financial statements include the Company's estimate of the recoverable value of its exploration and evaluation assets, valuation of investments securities, warrants, as well as the value of share-based compensation. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The factors affecting share-based compensation include estimates of when stock options and warrants might be exercised and stock price volatility. The timing for exercise of options and warrants is out of the Company's control and will depend on a variety of factors, including the market value of the Company's shares and financial objectives of the share-based instrument holders. The Company used historical data to determine volatility in accordance with the Black-Scholes model. However, the future volatility is uncertain and the model has its limitations.

The Company's recoverability of the recorded value of its exploration and evaluation assets is based on current market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company operates in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete the development and future profitable production or the proceeds of disposition thereof.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Transition to International Financial Reporting Standards

As stated in Note 17 of the condensed interim consolidated financial statements, these are the Company's first condensed interim consolidated financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS.

The accounting policies in Note 17 have been applied as follows:

- in preparing the condensed interim consolidated financial statements for the three months ended March 31, 2011;
- the comparative information for the three months ended March 31, 2010;
- the statement of financial position as at December 31, 2010; and
- the preparation of an opening IFRS statement of financial position on the Transition Date, January 1, 2010.

First-time adoption of International Financial Reporting Standards

In preparing these condensed interim consolidated financial statements, the Company has applied IFRS 1, First-time Adoption of International Financial Reporting Standards, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 gives entities adopting IFRS for the first time a number of optional and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. The following are the optional exemptions available under IFRS 1 that the Company has elected to apply:

Share-based payment transactions
The Company elected to not apply IFRS 2, Share-based Payments, to equity instruments granted before November 7, 2002 and those granted but fully vested before the date of transition to IFRS. As a result, the Company has applied IFRS 2 for stock options granted after November 7, 2002 that are not fully vested at January 1, 2010.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION (continued)

Changes in Existing Decommissioning, Restoration and Similar Liabilities – IFRIC 1
The Company did not apply the recognition and measurement principles of IFRIC 1 prior to January 1, 2010.

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The changes made to the consolidated statements of financial position and consolidated statements of comprehensive income have resulted in reclassifications of various amounts on the consolidated statements of cash flows, however as there have been no changes to the net cash flows, no reconciliations have been presented. In preparing the condensed consolidated interim financial statements, the Company reflected the result of transition in the following tables:

Reconciliation of consolidated balance sheet as of January 1, 2010

	Note	Previous Canadian GAAP	Effect of transition to IFRS	IFRS
		$	$	$
ASSETS				
Current assets				
Cash and cash equivalents		7,847,068	-	7,847,068
Prepaid expenses		12,431	-	12,431
Amounts receivable		1,972	-	1,972
		7,861,471	-	7,861,471
Exploration and evaluation assets		2,431,529	-	2,431,529
Equipment		702	-	702
Investments		190,000	-	190,000
		10,483,702	-	10,483,702
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		41,386	-	41,386
EQUITY				
Common shares		9,261,904	-	9,261,904
Share-based payments reserve	(a)	1,782,201	(243,575)	1,538,626
Warrant reserve		1,217,372	-	1,217,372
Deficit	(a)	(1,819,161)	243,575	(1,575,586)
		10,442,316	-	10,442,316
		10,483,702	-	10,483,702

JAMES BAY RESOURCES LIMITED

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION (continued)

Reconciliation of consolidated balance sheet as of March 31, 2010

	Note	Previous Canadian GAAP	Effect of transition to IFRS	IFRS
		$	$	$
ASSETS				
Current assets				
Cash and cash equivalents		7,688,133	-	7,688,133
Prepaid expenses		6,761	-	6,761
Amounts receivable		7,090	-	7,090
		7,701,984	-	7,701,984
Exploration and evaluation assets		2,438,631	-	2,438,631
Equipment		657	-	657
Investments		190,000	-	190,000
		10,331,272	-	10,331,272
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		30,699	-	30,699
EQUITY				
Common shares		9,261,904	-	9,261,904
Share-based payments reserve	(a)	1,831,399	(243,575)	1,587,824
Warrant reserve		1,217,372	-	1,217,372
Deficit	(a)	(2,010,102)	243,575	(1,766,527)
		10,300,573	-	10,300,573
		10,331,272	-	10,331,272

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION (continued)

Reconciliation of consolidated balance sheet as of December 31, 2010

	Note	Previous Canadian GAAP	Effect of transition to IFRS	IFRS
		$	$	$
ASSETS				
Current assets				
Cash and cash equivalents		6,310,432	-	6,310,432
Prepaid expenses		12,202	-	12,202
Amounts receivable		747,244	-	747,244
		7,069,878	-	7,069,878
Exploration and evaluation assets		2,438,662	-	2,438,662
Equipment		521	-	521
Investments		407,500	-	407,500
Loan receivable		138,704	-	138,704
		10,055,265	-	10,055,265
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		144,029	-	144,029
EQUITY				
Common shares		9,261,904	-	9,261,904
Share-based payments reserve	(a)	1,964,648	(670,254)	1,294,394
Warrant reserve		1,329,372	-	1,329,372
Deficit	(a)	(2,644,688)	670,254	(1,974,434)
		9,911,236	-	9,911,236
		10,055,265	-	10,055,265

JAMES BAY RESOURCES LIMITED

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION (continued)

Reconciliation of consolidated statement of comprehensive loss for the three months ended March 31, 2010

	Previous Canadian GAAP	Effect of transition to IFRS	IFRS
	$	$	$
Expenses			
Share-based compensation	49,198	-	49,198
Management salaries and benefits	76,118	-	76,118
Professional fees	5,657	-	5,657
Office and general	27,739	-	27,739
Consulting fees	7,702	-	7,702
Shareholder relations	15,756	-	15,756
Transfer agent and listing fees	8,351	-	8,351
Amortization	45	-	45
Loss before the undernoted	190,566	-	190,566
Foreign exchange loss	16,528	-	16,528
Interest income	(16,153)	-	(16,153)
Comprehensive loss for the period	190,941	-	190,941
Loss per share			
Basic and diluted	(0.01)	-	(0.01)
Weighted average number of shares outstanding – basic and diluted	28,040,350	-	28,040,350

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION (continued)

Reconciliation of consolidated statement of comprehensive loss for the year ended December 31, 2010

	Previous Canadian GAAP	Effect of transition to IFRS	IFRS
	$	$	$
Expenses			
Share-based compensation	182,447	-	182,447
Management salaries and benefits	286,819	-	286,819
Professional fees	89,505	-	89,505
Office and general	98,357	-	98,357
Consulting fees	23,417	-	23,417
Shareholder relations	66,899	-	66,899
Warrant extension valuation	112,000	-	112,000
Transfer agent and listing fees	26,482	-	26,482
Amortization	181	-	181
Loss before the undernoted	886,107	-	886,107
Foreign exchange loss	51,422	-	51,422
Net loss on fair value through profit or loss investments	22,500	-	22,500
Gain on loan	(37,764)	-	(37,764)
Interest income	(96,738)	-	(96,738)
Comprehensive loss for the year	825,527	-	825,527
Loss per share			
Basic and diluted	(0.03)	-	(0.03)
Weighted average number of shares outstanding – basic and diluted	28,040,350	-	28,040,350

Note

(a) On transition to IFRS, the Company elected to change its accounting policy for the treatment of share-based payments whereby amounts recorded for expired unexercised share options and warrants are transferred to deficit. Previously, the Company's Canadian GAAP policy was to leave such amounts in contributed surplus. The impact of the change was a decrease to deficit and a decrease to share-based payments reserve of $670,254 at December 31, 2010 (January 1, 2010 - $243,575; March 31, 2010 - $243,575).

RECENT ACCOUNTING PRONOUCEMENTS NOT YET ADOPTED

Certain new accounting standards, amendments to standards and interpretations have been issued.

IFRS 9, Financial Instruments
This amendment addresses the classification and measurement of financial assets. IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.

RELATED PARTY DISCLOSURES

The unaudited condensed interim consolidated financial statements include balances and transactions with directors and officers of the Company and/or corporations related to them. During the three months ended March 31, 2011 and 2010 the Company entered into the following transactions involving related parties:

The Company rents office space from a corporation controlled by a director of the Company. During the period, approximately $14,300 (March 31, 2010 - $8,100) was charged by this corporation. The amount is included in office and general expense on the statement of comprehensive loss. In February 2011, the Company renewed the sublease agreement for another 12 months, resulting in a lease commitment of approximately $43,600.

The Company incurred legal fees of approximately $6,137 (March 31, 2010 - $5,461) paid to a law firm of which a partner is a director of the Company. This amount is included in office and general expense on the statement of comprehensive loss.

The condensed interim consolidated financial statements include the financial statements of the Company and its subsidiaries and their respective ownership listed in the following table:

James Bay Coal Co., USA	100%
2255431 Ontario Limited, Canada	100%

The remuneration of directors and other members of key management personnel during the periods ended March 31, 2011 and 2010 was as follows:

	2011 $	2010 $
Management salaries	75,278	76,118
Share-based payments	49,198	
	124,476	76,118

FINANCIAL INSTRUMENTS

The Company has designated its investments as fair value through profit or loss, measured at fair value. Cash and cash equivalents, amounts receivable and loan receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

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

Credit risk
The Company's credit risk is primarily attributable to guaranteed investment certificates, amounts receivable and the loan receivable. The Company has no significant concentration of credit risk arising from operations. Guaranteed investment certificates have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Financial instruments included in amounts receivable at March 31, 2011 consist of goods and services tax due from the Federal Government of Canada. The Company also has credit risk in the form of a loan receivable which has a carrying value of $152,602 as at March 31, 2011. Management believes that the credit risk concentration with respect to these financial instruments 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 March 31, 2011, the Company had cash and cash equivalents of $6,960,285 (December 31, 2010 - $6,310,432; January 1, 2010 - $7,847,068) to settle current liabilities of $72,257 (December 31, 2010 - $144,029; January 1, 2010 - $41,386). The Company's financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

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 deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The loan receivable bears interest at a fixed rate and therefore does not give rise to interest rate risk.

(b) Price risk
The ability of the Company to develop its property and the future profitability of the Company is directly related to the market price of certain minerals. The Company is also exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

(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. The Company is therefore subject to gains and losses due to fluctuations in the US dollar relative to the Canadian dollar. The Company does not hedge its foreign exchange risk.

FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis
Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a three month period:

The Company's cash equivalents as at March 31, 2011 are held at a fixed interest rate of 1.1% and are therefore not subject to fluctuations in interest rates. A change in interest rates of 1% will result in a corresponding change in net loss of approximately $7,000 based on the cash balance at March 31, 2011.

As at March 31, 2011, the Company has cash and cash equivalents of approximately $1,943,600 (US $2,000,000). A 10% change in the value of the Canadian dollar relative to the US dollar would result in a corresponding change in net loss of approximately $194,000 based on the balance of these assets held in US dollars at March 31, 2011.

Sensitivity analysis (continued)
A 10% decrease in the closing prices on its portfolio investments would result in a corresponding change in net loss of approximately $20,000. This estimated impact on net loss includes the estimated value of the non-traded warrants held, as determined using the Black-Scholes option pricing model.

Fair Value
The carrying value of cash and cash equivalents, investments, amounts receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the financial instruments. The fair value of the loan receivable approximates its carrying value given the short amount of time passed since its inception.

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).

At March 31, 2011, the Company's financial instruments that are carried at fair value, consisting of investments in non-trading warrants on public marketable securities, have been classified as Level 2 in the fair value hierarchy.

COMMITMENTS AND CONTINGENCIES
a) The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to $528,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these financial statements. Additional minimum management contract commitments remaining under these contracts are approximately $680,000.

b) In February 2011, the Company renewed the sublease agreement for another 12 months, resulting in a lease commitment of approximately $43,600.

c)The Company's mining and exploration activities are subject to various federal and provincial 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.

OFF BALANCE SHEET ARRANGEMENTS
The Company has no off balance sheet arrangements.

RISKS AND UNCERTAINTIES

Exploration Risks

The Company is engaged in the business of exploration for precious and base metals in Canada. The properties of the Company have no established reserves. There is no assurance that any of the properties can be mined profitably. Accordingly, it is not assured that the Company will realize any profits in the short to medium term, if at all. Any profitability in the future from the business of the Company will be dependent up on developing and commercially mining an economic deposit of minerals, which itself is subject to numerous risk factors. Exploration and development of mineral deposits involves a high degree of financial risk over a significant period of time of which even a combination of careful evaluation, experience and knowledge of management may not eliminate. While discovery of ore-bearing structures may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration, development and production programs of the Company will result in profitable commercial mining operations. The profitability of the Company's operations will be, in part, directly related to the cost and success of its exploration and development programs which may be affected by a number of factors. Substantial expenditures would be required to establish reserves sufficient to commercially mine mineral deposits on the Company's properties and to complete construction and install mining and processing facilities in those properties that are actually mined and developed.

Additional Capital

The Company began conducting due diligence to identify potential acquisition targets of onshore/offshore Nigerian oil and gas project. If the results are favourable, Company will require additional capital which may come from future financings or the exercise of outstanding convertible securities of the Company. 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.

RISKS AND UNCERTAINTIES (continued)

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 minerals, the rate of inflation, the inventory of mineral 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 minerals, and increased production due to improved mining and production methods. The metals industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of metals are discovered, a market will exist for the profitable sale of such metals. Commercial viability of precious and base metals and other mineral 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 affect 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 mineral 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 mineral 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. See "Risk Factors".

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.

RISKS AND UNCERTAINTIES (continued)

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. 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.

Capital Investment
The ability of the Company to continue exploration and development of its property interests will be dependent upon its ability to raise significant additional financing hereafter. There is no assurance that adequate financing will be available to the Company or that the terms of such financing will be favorable. Should the Company not be able to obtain such financing, its properties may be lost entirely.

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.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management's Report on Disclosure Controls and Procedures
Disclosure controls and procedures have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operations of disclosure controls and internal control over financial reporting. There have been no changes in the Company's disclosure controls and procedures during the three months ended March 31, 2011.

Internal Control over Financial Reporting
The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles. However, the Company's management, including its Chief Executive Officer and Chief Financial Officer, believe that due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements and fraud or on a timely basis. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

There have been no changes in the Company's internal control over financial reporting during the three month period ended March 31, 2011 that have materially affected or are reasonably likely to materially affect, the Company's internal control over financial reporting.

CAUTIONARY STATEMENT REGARDING 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.

Additional Information

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