MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018 AND 2017

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, 2018 and 2017. Those financial statements are prepared in accordance with International Financial Reporting Standards ("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 29, 2019.

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.

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"). The OML 90 Project has been placed on hold given the economics in current market conditions.

The Company, through its wholly owned subsidiary, James Bay Energy Nigeria Limited ("JBENL") has a 45% ownership interest in Crestar Integrated Natural Resources Limited ("CINRL" or "Crestar") with the remaining 55% portion held by an indigenous Nigerian corporation, Crestar Hydrocarbon Exploration and Production Company Limited ("CHEPCL").

CORPORATE STRUCTURE

In February 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 D&H Energy Nigeria Limited ("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.

The Company, through its wholly owned subsidiary JBENL has a 45% ownership interest in CINRL with the remaining 55% portion held by an indigenous Nigerian corporation, Crestar Hydrocarbon Exploration and Production Company Limited ("CHEPCL").

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries.

James Bay Energy Nigeria LLC, USA	100%
James Bay Energy Nigeria Limited, Nigeria	100%
D&H Energy Nigeria Limited, Nigeria	100%

PETROLEUM PROPERTY INTERESTS

OML 25 PROJECT

In June 2014, Crestar Integrated Natural Resources Limited (CINRL) was selected as the winning bidder for a 45% participating interest in active Oil Mining Lease No. 25 ("OML 25") in the Niger Delta region, offered by joint venture partners: The Shell Petroleum Development Company of Nigeria Limited, Total E&P Nigeria Limited, and Nigerian AGIP Oil Company Limited (collectively the "Shell JV"). CINRL obtained terms for a loan from a prospective future investor, for the full purchase price of OML 25.

The Nigerian National Petroleum Corporation ("NNPC") attempted to block the sale and acquire the interest for itself. Crestar commenced injunction proceedings in January 2015 in the Nigerian Federal High Court to bar the Shell JV from effecting a transfer to NNPC or anyone else, which injunctions were granted on a preliminary basis. The Shell JV subsequently sought to discharge the injunctions, but the Federal High Court dismissed the Shell JV's application on March 6, 2015. Further court proceedings were instituted by the Shell JV, but ultimately those have been unsuccessful. The Federal High Court of Nigeria also has ruled in favor of CINRL and granted an injunction in favour of CINRL which effectively has frozen any potential plans by the NNPC to acquire the 45% participating interest in OML 25 being divested by the Shell JV. As of the date hereof this injunction in favour of CINRL continues to remain in place.

CINRL had also commenced legal proceedings in the High Court of Justice in England, against the Nigerian subsidiary of Seplat Petroleum Development Company PLC ("Seplat") on January 27, 2017. CINRL's claim alleged bad faith conduct by Seplat's subsidiary, Newton Energy Limited ("Newton"), relating to the proposed acquisition of OML 25. The dispute in the English High Court was on US$20.5 million held in escrow following a protracted dispute over the acquisition of OML 25 from the Shell JV, which CINRL alleged should have been released to CINRL had Newton not sent its bad faith election that it intended to finance the OML 25 purchase on August 16, 2016.

In June 2017, the Company lent CINRL £200,000 GBP as a form of security for legal costs. In August 2017, the Company's President and CEO provided a letter of guarantee in the amount of USD $575,000 also as a form of security for legal costs. Both of these security forms are protected by the litigation until such time when the court orders are released. As a result of the settlement agreement in this action, these amounts have been released to the Company and the Company's President and CEO, respectively.

Settlement

On March 21, 2018, the settlement offer in the litigation between CINRL and Newton was accepted. The litigation relates to proceedings brought in January 2017 by CINRL in the English High Court over the deposit of US$20.5 million currently held in an escrow account, following a protracted dispute over the acquisition of OML 25 from the Shell JV.

On April 16, 2018, under the terms of the settlement, the Company received US$10.5 million plus interest of US$227,820 in connection with the litigation between CINRL and Newton. The interest was for the period from January 3, 2018 to the date of acceptance of the settlement offer on March 21, 2018. The Company also received US $1.2 million from Seplat as an agreed payment for costs of the action.

Litigation Payout

In connection with the convertible debentures issued in 2015, the Company sold and assigned, pursuant to separate agreements with each subscriber, a pro rata entitlement (based on all the subscribers) for up to an aggregate of 30% of the net proceeds of litigation related to the OML 25 project. The net proceeds of the Litigation (whether as a result of final judgment by a court of competent jurisdiction or settlement for which no appeal or further proceeding may be taken (the "Final Award") after deduction of all related costs and taxes incurred by the Company in the Litigation (the "Net Final Amount"). The payout amount of US$2,811,255 was calculated after deduction of all related costs and taxes incurred by the Company in the litigation, payable to the debenture holders within 60 days from the receipt of the Final award.

On April 24, 2018, the Company paid an estimated amount of US$2.7 million to convertible debenture holders ("Holder"). Each holder received an amount based on a pro rata share of their participating interest in the original convertible debenture issued in 2015. The remaining amount of USD$111,255 was paid before December 31, 2018.

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

RESULTS OF OPERATIONS

Revenue

The Company is in the exploration and evaluation stage and therefore, did not have revenues from operations.

Expenses

For the year ended December 31, 2018, the Company recorded total expenses of $114,394 (December 31, 2017 – $206,437). The decrease is mainly due to lower office and general expenses by approximately $16,348 and increase in interest earned on investment, which primarily reflects the Company's minimal operating activities in the year. The majority of management's time and focus and the Company's resources were invested in pushing forward OML 25 during the year. In addition, the Company did not incur any due diligence nor granted any share-based payments in 2018.

Fourth quarter total expense was $145,894 reflecting an increase of $77,951 from the same period in 2017.

Net loss and comprehensive loss

For the year ended December 31, 2018, the Company recorded a net income of $9,905,515 (December 31, 2017 – net loss of $4,239,973). The material changes during the year 2018 and 2017 are:

(i) The reversal of impairment of CINRL of $10,816,953 (December 31, 2017 and March 31, 2018 – impairments of $3,640,045 and $989,910, respectively)

(ii) Loss pick-up from CINRL of $962,746 (December 31, 2017 - $604,536)

Fourth quarter net loss and comprehensive loss was $49,715 (December 31, 2017 – net loss $1,820,958), reflecting a decrease of $1,771,243 from the same period in 2017. This is mainly related to the reduction of loss from CINRL as discussed above.

CASH FLOWS

Operating Activities

For the year ended December 31, 2018, the Company had net cash outflow of $687,853 (December 31, 2017 – 1,017,010) from operating activities. It is a major increase in cash outflow from the prior year. The Company charged a significant amount of its operating costs to CINRL where the Company`s human capital and working capital were directed.

Investing Activities

For the year ended December 31, 2018, the Company had a net cash outflow of $3,465,717 (December 31, 2017 – outflow of $4,421,070) from investing activities. The cash outflow is mainly due to advances to equity investment in CINRL and the Company's investment in Cerrado Gold and loan to CB Holdings Inc.

Financing Activities

For the year ended December 31, 2018, the Company had a net cash inflow of $1,211,378 (December 31, 2017 – inflow of $425,000) from financing activities.

SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION

Selected data from James Bay's financial statement for the year ending December 31, 2018 and for the two preceding financial years are as follows:

	2018 $	**2017 $**	**2016 $**
Interest expense (income)	(71,913)	(5,228)	(5,306)
Expenses	114,395	206,437	443,687
Net loss (income) and comprehensive loss (income) attributable to: • Common Shareholders	(9,905,515)	4,239,973	(3,561,695)
Basic and diluted loss (income) per share attributable to the common shareholders of James Bay	(0.22)	0.10	(0.09)
Total assets	8,268,051	236,607	3,084,287
Total liabilities	399,868	3,159,395	1,767,102
Shareholder's equity (deficit)	7,868,183	(2,922,788)	1,317,185

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.

SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION (continued)

SUMMARY OF QUARTERLY RESULTS

	Quarter-ended			
	December 31, 2018 $	September 30, 2018 $	June 30, 2018 $	March 31, 2018 $
Working capital (deficiency)	897,901	7,858,588	8,417,598	(4,204,476)
Operating expenses (income)	145,894	(26,296)	(44,067)	38,864
Interest expense (recovery)	68,175	(57,241)	(85,618)	2,771
Net loss (income) and comprehensive loss (income)	49,715	560,076	(11,735,793)	1,220,487
Net loss and comprehensive loss per share attributable to the common shareholders of the Company (basic and diluted)	(0.06)	0.01	(0.30)	0.03

	Quarter-ended			
	December 31, 2017 $	September 30, 2017 $	June 30, 2017 $	March 31, 2017 $
Working capital (deficiency)	(2,990,093)	(86,561)	665,398	1,647,882
Operating expenses (income)	(67,943)	37,028	49,872	147,081
Interest expense (recovery)	23,084	(7,917)	6,613	5,847
Net loss and comprehensive loss	1,810,958	824,237	985,132	619,646
Net loss (income) and comprehensive loss (income) per share attributable to the common shareholders of the Company – restated (basic and diluted)	0.04	0.02	0.02	0.01

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 in fiscal 2018.

LIQUIDITY AND OUTLOOK

As at December 31, 2018, the Company had no source of operating cash inflows and reported a net income and comprehensive income of $9,905,515 for the twelve-month period and a deficit of $10,505,225. 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.

On April 16, 2018, the Company received US$10.5 million plus interest of US$227,820 in connection with the litigation between CINRL and Newton. The interest was for the period from January 3, 2018 to the date of acceptance of the settlement offer on March 21, 2018. The Company also received US $1.2 million from Seplat as an agreed payment for costs of the action.

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, 2018 and April 29, 2019, the Company had 46,697,405 common shares issued and outstanding.

Stock options
At December 31, 2018 and April 29, 2019, a total of 5,150,000 stock options were issued and outstanding with expiry dates ranging from May 4, 2020 to September 15, 2020. The weighted average exercise price for all stock options is $0.25. All stock options entitle the holder to purchase common shares of the Company.

Warrants
At December 31, 2018 and April 29, 2019, the Company had 151,313 issued and outstanding warrants with expiry dates ranging from October 30, 2019 to December 19, 2019. The weighted average exercise price for all warrants issued and outstanding as at December 31, 2017 was $1.25.

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. Management believes that the credit risk concentration with respect to cash and cash equivalents and amounts receivable is remote.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have liquidity to meet liabilities when due. At December 31, 2018, the Company had cash and cash equivalents of $1,152,380 (December 31, 2017 - $68,300) to settle current liabilities of $399,868 (December 31, 2017 - $3,159,395). The Company has working capital of $897,901 (December 31, 2017 – working capital deficiency $2,990,093). The Company's current financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

FINANCIAL INSTRUMENTS (continued)

Market risk

(a) Interest rate risk

The Company has cash balances and interest-bearing debt due to convertible debenture holders as described in Note 11. 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. The Company’s convertible debentures bear interest at a fixed interest rate.

(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 Nigerian 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.

As at December 31, 2018, the Company has net monetary assets of $798,248 denominated in US dollars (December 31, 2017 net monetary liability - USD$87,882). A 10% change in the value of the Canadian dollar relative to the US dollar would result in a corresponding change in net income approximately $79,825 (December 31, 2017 – USD $8,788) based on the balance of these amounts held in US dollars as at December 31, 2018.

Fair value

The carrying value of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the financial instruments. Management believes the carrying value of the convertible debentures approximates its fair value. The derivative liabilities are recorded at their estimated fair values.

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, 2018 and 2017, the Company designated its derivative liabilities from convertible debentures as fair value through profit and loss which is measured at fair value and classified as Level 2.

RECENT ACCOUNTING PRONOUNCEMENTS AND CHANGES IN ACCOUNTING POLICIES

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2018 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 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

IFRIC 22 **–** Foreign currency transactions and advance consideration ("IFRIC 22") was issued in December 2016 by the IASB. IFRIC 22 clarifies the date that should be used for translation when a foreign currency transaction involves an advance payment or receipt. The Interpretation is applicable for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact on the adoption of this standard.

IFRIC 23 - Uncertainty over Income Tax Treatments ("IFRIC 23") was issued in June 2017 by the IASB. IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Company does not expect the impact of adoption of the Interpretation to be material on its consolidated financial statements.

Changes in Accounting Policies

The Company has adopted the following amendments, effective January 1, 2018. The changes were made in accordance with the applicable transitional provisions.

RELATED PARTY DISCLOSURES

These consolidated 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, 2018 and 2017, the Company entered into the following transactions involving related parties:

The Company incurred legal fees of approximately $278,822 (December 31, 2017 - $237,530) with a law firm of which a partner, is a director of the Company, of which, approximately $215,708 (December 30, 2017 - $224,992) has been charged to CINRL. This amount is included in professional fees on the consolidation statement of (loss) income and comprehensive (loss) income. As of December 31, 2018, included in accounts payable and accrued liabilities is $142,046 (December 31, 2017 - $128,268) owing to this law firm.

The Company started renting office space to a corporation with two common directors, beginning November 2017. During the year ended December 31, 2018, approximately $33,500 (December 31, 2017 - $5,323) was charged to this corporation. The amounts are included in office and general expense on the consolidated statements of (loss) income and comprehensive (loss) income.

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, 2018 and 2017 were as follows:

	December 31, 2018	December 31, 2017
Management salaries	$ 872,994	$901,233
Director's fees	80,000	80,000
	$952,994	$981,233

During the year ended December 31, 2018, the Company paid $800,994 (December 31, 2017 - $829,233) to two executive officers, of which, $764,994 (December 31, 2017 - $793,233) has been charged as management fees to CINRL.

Included in accounts payable and accrued liabilities as of December 31, 2018 is $20,000 (December 31, 2017 - $60,000) of Director's Fees.

In connection with the convertible debentures, pursuant to separate agreements with each subscriber, a pro rata entitlement (based on all the subscribers) for up to an aggregate of 30% of the net proceeds of litigation related to the OML 25 project (Note 8) are subject to payout to debenture holders. The Company paid US$2,811,255 to the convertible debenture holders during the year. The Company's President and CEO and a Director received a cash payout in the amounts of US$1,265,039 and US$163,996, respectively.

During the year ended December 31, 2018, the Company paid to the President and CEO $43,786 in interest and repayment of $714,944 principal on the convertible debentures. The Company also made $4,075 in interest and $58,330 in principal repayment to a director.

COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts, which contain clauses requiring additional payments of up to $1,800,000 be made upon the occurrence of certain events such as a change of control and additional payments of up to $872,000 be made upon termination of contracts. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. As of December 31, 2017, under these management contracts, management has committed to $990,000 of salaries and benefits due within one year.

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.

The Company is subject to a lease commitment for a premise in Canada which expired in January 2019.

The Company is party to legal proceedings in the ordinary course of its operations related to legally binding agreements with a third party. As at December 31, 2018, one such proceeding was ongoing. The Company believes this claim to be without merit. Management does not expect the outcome of this proceeding to have a materially adverse effect on the results of the Company's financial position or results of operations and therefore this amount has not been reflected in these financial statements. Should any losses result from the resolution of this dispute, that amount will be charged to operations in the year that it is determined.

In June 2017, the Company lent CINRL £200,000 GBP as a form of security for legal costs. In August 2017, the Company's President and CEO provided a letter of guarantee in the amount of USD $575,000 also as a form of security for legal costs. Both security forms are protected by the litigation until such time when the court orders are released. As a result of the settlement agreement in this action, these amounts have been released to the Company and the Company's President and CEO, respectively.

During the year ended December 31, 2017, the convertible debenture holders re-lent $425,000 to the Company to finance working capital. Of the $425,000 re-lent amount, $200,000 was from the CEO of the Company. The re-lent amount carries the same terms as the original debentures. Subsequent to December 31, 2017, the convertible debenture holders re-lent an additional $231,666. Of the $231,666 re-lent amount, $65,000 was from the President and CEO of the Company. All the re-lent amounts were fully paid as of December 31, 2018.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

INVESTMENT IN CERRADO GOLD INC.

On November 8, 2018, the Company announced that the Board of Directors approved an investment (the "Investment") of US$1.5 million to acquire 3,333,334 common shares from the treasury of Cerrado Gold Inc ("Cerrado Gold"), a privately-owned Ontario company that had executed an agreement to acquire a gold exploration project in Brazil (the "Acquisition"). The Investment represents approximately 14% of the issued and outstanding common shares of Cerrado Gold on November 8, 2018.

Upon closing of the Acquisition, James Bay will hold approximately 8.89% of the issued and outstanding common shares of Cerrado Gold. The dilution of James Bay's ownership percentage resulted from Cerrado Gold's issuance of shares from treasury to the third-party sellers as part of the agreed terms of the Acquisition.

Mr. Stephen Shefsky, President, Chief Executive Officer and a director of James Bay, is also a director and a shareholder of Cerrado Gold, holding 2,000,000 common shares and 1,000,000 warrants in the capital of Cerrado Gold, representing approximately 8%. Mr. Mark Brennan, a director of James Bay, is also a director and a shareholder of Cerrado Gold, beneficially holding 2,972,222 common shares and 1,000,000 warrants in the capital of Cerrado Gold, representing approximately 12%. Due to the common directors and the Company's shareholding in Cerrado Gold, it was determined that the Company exercises significant influence over Cerrado Gold and the Investment has been accounted for on an equity basis.

LOAN RECEIVABLE FROM CB HOLDING GROUP CORP.

On December 21, 2018, the Company entered into a secured loan agreement with CB Holding Group Corp., a California-based company (the "Borrower") involved in arranging both CBD and THC vape pens for sale to licensed distributors. Under the terms of the agreement, the Company has agreed to advance up to US$3.5 million (CAD$4,824,596) to the Borrower, at an interest rate of 15% per annum, with the loan plus all accrued and unpaid interest repayable on the six-month anniversary of advancing the funds (the "Maturity Date"), and fully secured by all of the assets, undertaking and business of the Borrower. The loan is part of approximately US$7.5 million of secured loans which have been received by the Borrower as part of financing its business. The Company also received 45,500,000 warrants under the terms of the agreement, each exercisable for one common share of the Borrower at a price of CDN$0.10 per share (the "Warrants"). In the event that the Company determines to convert the outstanding loan principal amount into the exercise price for the Warrants prior to the Maturity Date, the Borrower has agreed that it will increase the number of common shares issuable upon exercise of the Warrants by 30% or approximately 59,150,000 common shares of the Borrower.

As at December 31, 2018, the Company accrued $49,896 in interest income. The amount is included in the loan receivable.

RISKS AND UNCERTAINTIES

The Company, through its subsidiary, holds an 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 resource 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 government or the courts in favor of the aboriginal people resolve such a claim, 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 director and officer 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, President & CEO
Wayne Egan	Non-Executive Chairman
Mark Brennan	Founder and Director
Jon Pereira	Director
Jean J. Gauthier	Director
Adeniyi Olaniyan	Director

OFFICE LOCATION

Corporate Head Office
110 Yonge St,
Suite 501
Toronto, Ontario
M5C 1T4

Nigeria Office
19a Agodogba Street Parkview Estate
Ikoyi Lagos, Lagos, Nigeria

SUBSIDIARY COMPANIES

James Bay Energy Nigeria, LLC
James Bay Energy Nigeria Limited
D&H Energy Nigeria Limited

LEGAL COUNSEL

WeirFoulds LLP
Toronto, Ontario, Canada

Sefton Fross
Lagos, Nigeria

Amsterdam & Partners LLP
London, England

AUDITOR

MNP, LLP
Mississauga, Ontario, Canada

KPMG Nigeria
Lagos, Nigeria

REGISTRAR & TRANSFER AGENT

TSX Trust
Toronto, Ontario, Canada

BANKER

CIBC
Toronto, Ontario, Canada

First Bank
Lagos, Nigeria

STOCK EXCHANGE

Canadian Stock Exchange
Ticker symbol **"JBR"**