JAMES BAY RESOURCES LIMITED

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2021 AND 2020

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MARCH 31, 2021 AND 2020

NOTICE OF NO AUDITOR REVIEW OF UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

JAMES BAY RESOURCES LIMITED
Unaudited Condensed Interim Consolidated Statements of Financial Position
Expressed in Canadian dollars
As at

	March 31, 2021 $	December 31, 2020 $
ASSETS		
Current assets		
Cash	17,945	55 ,663
Prepaid expenses	5,889	6,684
Amounts receivable	13,942	15, 093
Total current assets	37,776	77,440
Property and equipment (Note 6)	65,823	82,901
Investment in Cerrado Gold Inc. (Note 7)	1	25,020
Total non-current assets	65,824	107,921
Total assets	103,600	185,361
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 18)	980,911	897,194
Shareholder loan (Note 10)	266,291	238,538
Current portion of lease payable (Note 9)	58,881	77,551
Total current liabilities	1,306,083	1,213,283
Non-current		
Canada emergency business account loan (Note 11)	50,337	49,116
Total non-current liabilities	50,337	49,116
Total liabilities	1,356,420	1,262,399
SHAREHOLDER'S EQUITY		
Share capital (Note 12)	18,209,835	18,209,835
Warrants reserve (Note 14)	54,027	54,027
Accumulated other comprehensive loss (Note 7)	(237,807)	(237,807)
Deficit	(19,278,875)	(19,103,093)
Total common shareholders' (deficit) equity	(1,252,820)	(1,077,038)
Total liabilities and shareholders' equity	103,600	185,361

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENTS AND CONTINGENCIES (Notes 19)
APPROVED ON BEHALF OF THE BOARD:
Signed "STEPHEN SHEFSKY" , Director
Signed "JEAN J. GAUTHIER" , Director

See accompanying notes to the unaudited condensed interim consolidated financial statements

JAMES BAY RESOURCES LIMITED

Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Expressed in Canadian dollars

For the three months ended March 31,

	2021	2020
	$	$
Expenses		
Management salaries and benefits (Note 18)	8,620	15,136
Professional fees (Note 18)	6,403	24,379
Office and general	3,269	10,168
Transfer agent and listing fees	391	303
Depreciation	1,708	1,703
Loss before the undernoted	(20,391)	51,690
Foreign exchange gain (loss)	(462,998)	71,498
Interest income	(1,658)	(466)
Impairment on equity investment in CINRL (Note 15)	(67,628)	(88,808)
Loss from equity investment in CINRL (Note 15)	(73,702)	(121,222)
Loss from equity investment in Cerrado Gold (Note 7)	(25,019)	(202,411)
Total comprehensive loss for the period	(651,396)	(393,099)
Loss per share		
Basic and diluted	(0.01)	(0.01)
Weighted average number of shares outstanding		
Basic and diluted	51,014,068	46,697,405

See accompanying notes to the unaudited condensed interim consolidated financial statements

JAMES BAY RESOURCES LIMITED

Unaudited Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian dollars

For the three months ended March 31,

	2021	2020
	$	$
Cash used in operating activities:		
Net loss for the period	(651,396)	(229,608)
Add (deduct) items not affecting cash:		
Foreign exchange gain (loss)	462,998	-
Depreciation	1,708	1,703
Loss from equity investment in CINRL (Note 15)	73,702	121,222
Loss from equity investment in Cerrado Gold Inc. (Note 7)	25,019	202,411
Interest accretion	(3,300)	431
Impairment (reversal of impairment) on equity investment (Note 15)	67,628	88,808
Net change in non-cash working capital:	99,501	(125,394)
Net cash provided by (used in) operating activities	75,860	(59,573)
Cash provided by (used in) investing activities:		
Advances to equity investment in CINRL (Note 15)	(141,331)	(210,030)
Net cash used in investing activities	(141,331)	(210,030)
Cash provided by (used in) financing activities:		
Shareholder loan (Note 10)	27,753	144,099
Net cash provided by financing activities	27,753	144,099
Increase (decrease) in net cash flow during the period	(37,718)	(6,358)
Cash, beginning of the period	55,663	15,988
Cash, end of the period	17,945	9,630

See accompanying notes to the unaudited condensed interim consolidated financial statements

JAMES BAY RESOURCES LIMITED
Unaudited Condensed Interim Consolidated Statements of Changes in Equity
Expressed in Canadian dollars

	Common Shares $	Accumulated other comprehensive loss $	Warrants reserve $	Deficit $	Total Shareholders' equity $
Balance, December 31, 2020	18,209,835	(237,807)	54,027	(19,103,093)	(1,077,038)
Net loss for the period	-	-	-	(413,589)	(413,589)
Balance, March 31, 2021	18,209,835	(237,807)	54,027	(19,576,682)	1,252,820

	Common Shares $	Share-based payments reserve $	Warrants reserve $	Deficit $	Total Shareholders' equity $
Balance, December 31, 2019	18,028,167	305,170	-	(17,497,209)	836,128
(Loss) for the period	-	-	-	(393,099)	(393,099)
Balance, March 31, 2020	18,028,167	305,170	-	(17,890,308)	443,029

See accompanying notes to the unaudited condensed interim consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

James Bay Resources Limited (the "Company" or "James Bay") was incorporated on November 5, 2007. The Company's shares are listed on the Canadian Securities Exchange ('CSE') under the symbol "JBR".

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. 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").

The business of exploring for oil and gas involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable operations. The Company's continued existence is dependent upon the preservation of its interests in its underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to secure an interest in new properties or the ability of the Company to complete additional financings, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, social licensing requirements, currency exchange fluctuations and restrictions, and political uncertainty.

As at March 31, 2021, the Company had a working capital deficiency of $1,268,307 (December 31, 2020 - $1,135,843) and had an accumulated deficit of $19,278,875 (December 31, 2020 - $19,103,093) which has been funded primarily by the issuance of equity and debt. The ability of the Company to continue as a going concern is dependent upon its ability to raise sufficient funds to meet its obligations as they become due. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future. Because of continuing operating losses, the Company's continuance as a going concern is dependent on its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation.

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying unaudited condensed interim consolidated financial statements. Such adjustments could be material. The material uncertainties noted above together may cast significant doubt upon the Company's ability to continue as a going concern.

The head office, principal address and records office of the Company is located at 110 Yonge St, Suite 501, Toronto, Ontario, Canada, M5C 1T4. These consolidated financial statements of the Company for the period ended March 31, 2021 were approved and authorized for issue by the Board of Directors on May 27, 2021.

2. BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements of the Company and its subsidiaries were prepared in accordance with IFRS as issued by the International Accounting Standard Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim financial reporting. These unaudited condensed interim consolidated financial statements do not include all of the information required for the full annual consolidated financial statements and should be read in conjunction with the most recent audited annual consolidated financial statements of the Company as at and for the year December 31, 2020. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The policies set out below were consistently applied to all the periods presented unless otherwise noted below.

3. 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, 2020 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 1, Presentation of Financial Statements, was amended in January 2020. The IASB clarified the classification of liabilities as current or non-current by removing the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must exist at the end of the reporting period. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company has not early adopted these amendments.

IAS 37, Provisions, Contingent Liabilities and Contingent Assets, was amended in May 2020 with the issuance of Onerous Contracts - Cost of Fulfilling a Contract by IASB. The IASB specified the costs of fulfilling a contract to include incremental costs incurred and allocation of other direct costs when determining whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company has not early adopted these amendments.

4. PRINCIPLES OF CONSOLIDATION

The unaudited condensed interim 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%

Subsidiaries

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these unaudited condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the unaudited condensed interim consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed interim consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods. Such estimates and assumptions affect the carrying value of assets, the determination of impairment charges of non-current assets, impact decisions as to when exploration and evaluation costs should be capitalized or expensed and affect estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of share-based payments, warrants and income tax accounts. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

(a) Capitalization of exploration and evaluation assets
Management has determined that exploration and evaluation costs incurred may have future economic benefits. In making this judgement, management has assessed various sources of information including but not limited to the geologic and metallurgic information, proximity of other operating facilities and discoveries, operating management expertise and existing permits. See Note 10 for details of exploration and evaluation assets.

(b) Impairment of exploration and evaluation assets
While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates may include, but are not limited to, estimates of the discounted future cash flows expected to be derived from the Company’s properties, costs to sell the properties and the appropriate discount rate.

Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, and/or adverse current economics can result in an impairment of the carrying amounts of the Company’s exploration and evaluation assets.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(c) Income taxes
Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(d) Share-based payments and warrants
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Warrants are valued in a similar way. Changes in these assumptions affect the fair value estimates.

(e) Valuation of investment in associate
The valuation of investment in associate is assessed when events occur that indicate impairment. These indicators include a significant technical difficulty regarding the investee operations, significant adverse changes in the market, economic, or legal environment in which the investee operates, changes in the investee’s financial condition, significant financial difficulty of the investee and the investee’s liquidity.

(f) Contingencies
Refer to Note 19.

(g) Estimated useful life property and equipment, depreciation
Management estimates the useful lives of property and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation of property and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company’s property and equipment in the future.

Expressed in Canadian dollars

6. EQUIPMENT

Cost	Office equipment $	Furniture and fixtures $	Computer equipment $	Vehicles $	ROU $	Total $
Balance, December 31, 2019	21,366	126,381	46,253	22,946	197,103	414,049
Disposal	(3,976)	(684)	-	-	-	(4,660)
Addition	-	-	-	-	3,396	3,396
Balance December 31, 2020 and March 31, 2021	17,390	125,697	46,253	22,946	200,499	412,785

Accumulated amortization	Office equipment $	Furniture and fixtures $	Computer equipment $	Vehicles $	ROU $	Total $
Balance December 31, 2019	14,065	125,537	45,161	18,888	58,598	262,249
Depreciation	1,472	160	601	1,478	63,925	67,636
Balance, December 31, 2020	15,537	125,697	45,762	20,366	122,523	329,884
Depreciation	93	-	68	207	16,709	17,077
Balance, March 31, 2021	15,630	125,697	45,830	20,573	139,232	346,962

Carrying value	Office equipment $	Furniture and fixtures $	Computer equipment $	Vehicles $	ROU $	Total $
Balance, December 31, 2020	1,853	-	491	2,580	77,975	82,901
Balance, March 31, 2021	1,760	-	423	2,373	61,267	65,823

As at March 31, 2021, the net book value of the Company’s property and equipment by geographic location is as follows: Canada $63,450 (December 31, 2020 - $80,322) and Nigeria $2,373 (December 31, 2020 - $2,579).

Expressed in Canadian dollars

7. 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 represented approximately 14% of the issued and outstanding common shares of Cerrado Gold on November 8, 2018.

At March 31, 2021, James Bay's ownership interest was reduced to approximately 4.58% (December 31, 2020 – 7.09%) 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 2,745,819 common shares and 1,000,000 warrants in the capital of Cerrado Gold, representing approximately 3.89%. Mr. Mark Brennan, a director of James Bay, is also a director and a shareholder of Cerrado Gold, beneficially holding 3,405,039 common shares and 1,000,000 warrants in the capital of Cerrado Gold, representing approximately 4.83%. As at March 31, 2021, the Company's, Mr. Shefsky's and Mr. Brennan's shareholdings were 4.73%, 3.89% and 4.83% respectively. As at March 31, 2021, the aggregated shareholdings between the Company and its common directors was approximately 13.44%. Due to the common directors and the Company's shareholding in Cerrado Gold, it was determined that the Company continues to exercise significant influence over Cerrado Gold and the investment is accounted for on an equity basis.

As of March 31, 2021, the Company's share of loss on equity investment in Cerrado Gold was $326,321 and the share of other comprehensive loss was $296,277 (net of $25,020 investment amount). The Company's share of losses in Cerrado Gold exceeded the carrying value of its interest and therefore the Company discontinued recognizing its share of further losses. During the period ended March 31, 2021, the Company recognized $25,019 in losses on the equity investment in Cerrado (March 31, 2020 - $202,411).

As at March 31, 2021, the Company held 3,333,334 common shares of Cerrado Gold, representing 4.73% of Cerrado Gold's outstanding common shares. On April 22, 2021, the Company sold 100,000 shares of Cerrado Gold for net proceeds of $126,660 to finance working capital. Cerrado Gold previously met the definition of an associate due to common director and was equity accounted for in the consolidated financial statements. On April 30, 2021 Mr. Mark Brennan resigned, Cerrado Gold no longer met the definition of an associate. Therefore, the Company's investment in Cerrado Gold was reclassified as an available-for-sale investment. Upon discontinuing the use of the equity method, an investment, if a financial asset, is to be measured at fair value and the difference between the fair value and the carrying value of the investment recognized in profit or loss. At March 31, 2021, the fair value of the 3,333,334 common shares of Cerrado Gold was $3,466,667

The following is a summary of the consolidated financial information for Cerrado Gold on a 100% basis as at and for the periods ended March 31, 2021 and March 31, 2020.

	USD March 31, 2021 $	**USD March 31, 2020 $**
Current assets	28,230,451	19,504,273
Non-curent assets	52,085,076	43,618,293
Current liabilities	27,620,910	21,438,664
Total non-current liabilities	40,322,008	36,431,588
Net loss for the period	(5,671,732)	(2,774,713)
Accumulated other comprehensive loss	(5,149,545)	(3,997,559)
Total comprehensive loss	(1,151,985)	(2,383,091)

7. INVESTMENT IN CERRADO GOLD INC. (continued)

On February 17, 2021, Cerrado Gold completed a private placement of 11,111,200 subscription receipts (“Subscription Receipts”) at a price of Cdn$1.35 per subscription receipt for aggregate gross proceeds of Cdn$15,000,000 (the “Offering”). The closing of the Offering was a key step towards completion of the previously announced reverse take-over (“RTO”) transaction of BB1 Acquisition Corp. (“BB1”). The net proceeds of the Offering will be used to advance Cerrado Gold Monte de Carmo project in Brazil, for advancing Cerrado Gold Minera Don Nicolas mine in Argentina, and for general corporate purposes.

On February 22, 2021, Cerrado Gold and BB1 jointly announced that they had completed the previously announced RTO transaction. The RTO was structured as a three-cornered amalgamation, as a result of which Cerrado Gold has become a wholly owned subsidiary of BB1, changed its name to “Cerrado Gold Corp.”, and then completed a vertical short-form amalgamation to amalgamate itself with Cerrado Gold and carry on under the corporate name “Cerrado Gold Inc.” prior to the resumption of trading on the TSXV. Pursuant to the RTO, all securities of Cerrado Gold were exchanged for securities of BB1 at an exchange ratio of one (1) security of BB1 for each equivalent security of Cerrado Gold. Following the completion of the RTO, there are 70,545,054 Common Shares, 2,000,000 Warrants, 4,000,000 Options and 6,780,003 RSUs and 1,295,412 Broker Warrants issued and outstanding of Cerrado Gold Inc. James Bay’s ownership interest was reduced from 7.09% to approximately 4.73%.

8. PETROLEUM PROPERTY INTERESTS

OML 25 PROJECT

In June 2014, Crestar Integrated Natural Resources Limited (“CINRL”) (see Note 17) 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. CINRL 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 favor 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 favor 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. See Note 20 – Commitment and Contingencies.

Expressed in Canadian dollars

8. PETROLEUM PROPERTY INTERESTS (continued)

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.

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 US$111,255 was paid before December 31, 2018.

9. LEASES

	March 31, 2021	December 31, 2020
	$	**$**
Total lease payable	60,855	81,140
Effect of discounting	(1,974)	(3,589)
Present value of lease payable	58,881	77,551
Less: current portion	(58,881)	(77,551)
Long-term lease payable	-	-

Expressed in Canadian dollars

10. SHAREHOLDER LOAN

The President and CEO of the Company had extended a loan to finance the working capital of the Company. The loan bears an interest rate of 4.75% and is due on demand. As at March 31, 2021, the Company owed $266,290 which includes accrued interest in the amount of $14,548.

11. CANADA EMERGENCY BUSINESS ACCOUNT (CEBA)

On April 15, 2020 and December 18, 2020, the Company received a loan of $40,000 and $20,000 respectively pursuant to the Canada Emergency Business Account ("CEBA"). The CEBA provides zero-interest, partially forgivable loans of up to $60,000 to small businesses that have experienced diminished revenues due to COVID-19 but face ongoing non-deferrable costs, such as rent, utilities, insurance, taxes, and employment costs. If the balance of the loan is repaid on or before December 31, 2022, 25% of the loan will be forgiven. The loan bears no interest until December 31, 2022, at which point if unpaid, it will convert to a three-year term loan bearing interest at 5% per annum.

Proceeds	$60,000
Benefit from favourable interest rate	13,184
Initial carrying amount	46,816
Interest Expense	$3,521
Balance	$50,337

The loan was initially measured at its fair value of $46,816 and is subsequently measured at amortized cost, using an effective interest rate of 10%. During the period ended March 31, 2021, $1,221 of interest expense related to the CEBA loan was recognized and included in accretion expense in the consolidated statements of loss and comprehensive loss. The Company received a benefit of $13,184 due to the below-market interest rate on the CEBA loan. This benefit was initially recognized as a deferred gain and was recognized as income as the Company used the proceeds from the loan to fund its operational expenditures.

Expressed in Canadian dollars

12. SHARE CAPITAL

(a) **Authorized** - Unlimited common shares, with no par value
(b) **Issued** – 51,014,068 common shares

	#	$
Balance, December 31, 2018 and 2019	46,697,401	18,028,167
Private placement [i]	4,316,667	259,000
Warrants attached to units	-	(59,369)
Share issue costs	-	(17,963)
Balance, December 31, 2020 and March 31, 2021	51,014,068	18,209,835

(i) On July 31, 2020, the Company raised proceeds of $259,000 by way of a non-brokered private placement of 4,316,667 units at a price of $0.06 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share for 2 years at an exercise price of $0.12 per common share. The Company paid a total of $23,305 for legal and filing fees and other cash-related share issue costs.

Expressed in Canadian dollars

13. SHARE-BASED PAYMENTS RESERVE

The Company has an incentive stock option plan (the "Plan") whereby the Company can grant to directors, officers, employees and consultants, options to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 20% of the Company's issued and outstanding capital at the time of granting of options for a maximum term of five years. In no case (calculated at the time of grant) shall the Plan result in:

- the number of options granted in a 12-month period to any one consultant exceeding 2% of the issued shares of the Company;
- the aggregate number of options granted in a 12-month period to any one individual exceeding 5% of the outstanding shares of the Company;
- the number of options granted in any 12-month period to employees or consultants undertaking investor relations activities exceeding in aggregate 2% of the issued shares of the Company;
- the aggregate number of common shares reserved for issuance to any one individual upon the exercise of options granted under the Plan or any previously established and outstanding stock option plans or grants exceeding 5% of the issued shares of the Company in any 12-month period.

The following reconciles the share options outstanding:

	March 31, 2021		December 31, 2020	
	Number of options #	Weighted average exercise price $	Number of options #	Weighted average exercise price $
Balance, beginning of year	-	-	5,150,000	0.29
Expired May 4, 2020	-	-	(4,900,000)	0.25
Expired September 15, 2020	-	-	(250,000)	0.30
Balance, end of period	-	-	-	-

14. WARRANT RESERVE

	#	$
Balance, December 31, 2018	151,313	40,171
Warrants expired, October 30, 2019	(50,000)	(23,226)
Warrants expired, December 19, 2019	(101,313)	(16,945)
Balance, December 31, 2019	-	-
Warrants(i)	4,316,667	59,369
Warrant issue costs	-	(5,342)
Balance, December 31, 2020, and March 31, 2021	4,316,667	54,027

(i) In connection with July 31, 2020 private placement (Note 14), the Company issued 4,136,667 warrants which entitle the holder to purchase one common share of the Company at a price of $0.12 for a period of 2 years. The estimated fair value of the warrants of $59,369 was estimated using the Black-Scholes option pricing model with the following assumptions: an expected dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 0.27% and an expected life of 2 years.

Expressed in Canadian dollars

15. INVESTMENT IN CRESTAR INTEGRATED NATURAL RESOURCE (“CINRL”)

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”).

During the period ended March 31, 2021, the Company recorded a loss on equity investment in CINRL of $73,702 (December 31, 2020 - $185,395). As at March 31, 2021, the Company recorded impairment of equity investment of $67,628 (December 31, 2020 - $226,595). The majority of expenses incurred in CINRL pertains to management fees and legal fees in connection with OML-25.

The following is a summary of the financial information for CINRL for the period ended March 31, 2021 and 2020:

	USD March 31, 2021 $	USD December 31, 2020 $
Total current assets	73,820	73,820
Total current liabilities	89,270	89,270
Total non-current asset	2,491,133	1,943,810
Total comprehensive loss	102,097	347,428

16. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of its properties. The capital structure of the Company consists of equity attributable to common shareholders comprised of common shares, warrant reserve, share-based payments reserve, and deficit. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest, or is pursuing an interest in, are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended March 31, 2021 and 2020. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the CSE which requires adequate working capital of $50,000. As of March 31, 2021, the Company is not in compliance with the policies of the CSE.

17. 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 March 31, 2021, the Company had cash of $17,945 (December 31, 2020 - $55,663) to settle current liabilities of $1,306,083 (December 31, 2020 - $1,213,283). The Company has a working capital deficiency of $1,268,307 (December 31, 2020 - $1,135,843). The Company's current 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. 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.

Fair value
The carrying value of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and convertible debentures 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).

Expressed in Canadian dollars

18. RELATED PARTY DISCLOSURES

These 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 period ended March 31, 2021 and 2020, the Company entered into the following transactions involving related parties:

For the period ended March 31, 2021, the Company incurred professional fees of $6,403 (December 31, 2020 - $194,263), of which approximately $5,590 (December 31, 2020 - $188,321) was charged by a law firm of which a partner is a director of the Company. This law firm has forgiven $125,000 in legal fees accumulated from prior periods. As of March 31, 2021, included in accounts payable and accrued liabilities is an accumulated balance of $197,892 (December 31, 2020 - $188,321) owing to this law firm.

The Company rents office space from a corporation with common directors. During the period ended March 31, 2021, approximately $29,631 (December 31, 2020 - $86,452) was charged by this corporation. As at March 31, 2021 included in accounts payable and accrued liabilities is a balance of $116,083 pertaining to the premise rent.

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 key management personnel for the years ended March 31, 2021 and 2020 were as follows:

	March 31, 2021	December 31, 2020
Management salaries	$63,000	$252,000
	$63,000	$252,000

During the period ended March 31, 2021, the Company paid $14,400 and accrued $48,600 (December 31, 2020 - paid $64,800 and accrued $187,200) to two executive officers, of which $56,700 (December 31, 2020 - $291,600) has been charged as management fees to CINRL. The Company owed $40,000 in director's fees for the year ended December 31, 2020 and $80,000 for fiscal 2019. The full balance of $120,000 was forgiven by the directors in July 2020.

At March 31, 2021, the Company has accrued a total of $275,000 (December 31, 2020 - $230,000) in management salary to the President and CEO, of which, $100,000 related to 2019, $270,000 related to 2020 accruals and $45,000 related to 2021 accruals. The President and CEO has forgiven $140,000 of this accrued amount. Included in accounts payable and accrued liabilities is $275,000 (December 31, 2020 - $230,000) salary owing to the President and CEO. A total reduction in the amount of $385,000 to the amounts payable to directors, management and a law firm was approved by the Board in July 2020, in an effort to conserve cash.

19. COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts, which contain clauses requiring additional payments of up to $864,000 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 March 31, 2021, under these management contracts, management has committed to $522,000 of salaries and benefits due within one year.

James Bay had retained Mr. Olaniyan to serve as its subsidiary company James Bay Energy Nigeria Limited's ("JBENL") Chief Operating Officer and the Corporation's Country Manager in Nigeria pursuant to an employment agreement dated June 1, 2012. Mr. Olaniyan was subsequently appointed as the President and Chief Executive Officer of JBENL on December 4, 2014. The employment agreement had an initial term which ran until June 1, 2014 and had been automatically extended for additional consecutive one (1) year periods and was most recently extended for a further one (1) year term, until June 1, 2019. James Bay provided notice to Mr. Olaniyan on April 30, 2019 that it is not extending the employment agreement for a further one-year term, and it terminated and expired on June 1, 2019. James Bay has entered into an at-will consulting agreement with Mr. Olaniyan for any consulting services to be provided by Mr. Olaniyan to James Bay as may be required by James Bay in the future.

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 party to legal proceedings in the ordinary course of its operations related to legally binding agreements with a third party. As at March 31, 2021, 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 unaudited condensed interim consolidated 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.

20. COVID-19 (coronavirus)

The global outbreak of COVID-19 had a significant impact on businesses through restrictions put in place by the Canadian government regarding travel, business operations and isolations/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease and the duration of the outbreak, including the duration of travel restrictions, business time, or disruptions and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate that this outbreak may cause supply chain disruptions, staff shortages and increased government regulations, all of which may negatively impact the Company’s business and financial condition. The Company has put in place strict health protocols to safeguard the health and wellbeing of its staff. The Company’s management and staffs work from home. While the extent of the impact is unknown, the President and CEO of the Company has continued to seek equity financing and extend loans to finance the working capital of the Company.