JAMES BAY RESOURCES LIMITED

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

JAMES BAY RESOURCES LIMITED

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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

	June 30, 2022 $	December 31, 2021 $
ASSETS		
Current assets		
Cash	34,808	30,520
Prepaid expenses	12,312	6,427
Amounts receivable	8,519	11,750
Total current assets	55,639	48,697
Equipment (Note 6)	143,298	12,938
Investment in Cerrado Gold Inc. (Note 7)	2,930,712	3,585,489
Total non-current assets	3,074,010	3,598,427
Total assets	3,129,649	3,647,124
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 17)	1,388,007	1,428,366
Shareholder loan (Note 10)	253,285	255,317
Current portion of lease payable (Note 9)	26,998	-
Canada emergency business account loan (Note 11)	60,000	60,000
Total current liabilities	1,728,290	1,743,683
Non-current		
Lease payable (Note 9)	131,063	-
Total liabilities	1,859,353	1,743,683
SHAREHOLDER'S EQUITY		
Share capital (Note 12)	18,378,620	18,378,620
Warrants reserve (Note 14)	178,781	178,781
Share based payment reserve (Note 13)	372,300	372,300
Deficit	(17,659,405)	(17,026,260)
Total common shareholders' equity (deficit)	1,270,296	1,903,441
Total liabilities and shareholders' equity	3,129,649	3,647,124

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENTS AND CONTINGENCIES (Note 18)

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
For the Three and Six months ended June 30, 2022 and 2021
Expressed in Canadian dollars

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	$	$	$	$
Expenses				
Management salaries and benefits (Note 17)	99,329	10,207	109,484	18,827
Professional fees (17)	10,606	28,059	50,397	34,462
Office and general	26,023	619	27,197	3,887
Travel	8,964	-	10,361	-
Transfer agent and listing fees	9,696	1,170	10,015	1,561
Depreciation	13,434	1,707	15,443	3,415
(Loss) before the undernoted	(168,052)	(41,762)	(222,897)	(62,152)
Foreign exchange (loss) gain	3,351	33,948	(523)	(429,050)
Interest expense (recovery)	(2,412)	821	(3,279)	(837)
(Impairment) Reversal of impairment on equity investment in CINRL (Note 8)	(30,657)	(637,828)	(352,169)	(705,456)
Income (loss) from equity investment (Note 8)	(25,083)	(278,247)	(288,138)	(351,949)
Gain (loss) from equity investment in Cerrado Gold (Note 7)	-	126,661	233,861	101,642
Realized gain (loss) from investment in Cerrado Gold (Note 7)	(188,911)	4,288,774	-	4,288,774
Net income (loss) and comprehensive income (loss) for the period	(411,764)	3,492,367	(633,145)	2,840,972
Income (loss) per share				
Basic and diluted	(0.01)	0.07	(0.01)	0.06
Weighted average number of shares outstanding				
Basic and diluted	54,014,068	51,014,068	54,014,068	51,014,068

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 six months ended	
	June 30, 2022	June 30, 2021
	$	$
Cash used in operating activities:		
Net income (loss) for the period	(633,145)	2,840,971
Add (deduct) items not affecting cash:		
Depreciation	13,434	3,415
Loss from equity investment in CINRL (Note 8)	288,138	351,949
Impairment on equity investment in CINRL (Note 8)	352,169	705,456
Interest accretion	3,279	(844)
Loss (gain) from equity investment in Cerrado Gold Inc. (Note 7)	523	(4,390,416)
Unrealized gain (loss) from the sale of Cerrado Gold Inc. shares (Note	(227,190)	275,652
Net change in non-cash working capital	(44,177)	776,589
Net cash (used in) provided by operating activities	(246,969)	562,772
Cash provided by (used in) investing activities:		
Cash generated from the sale of shares of Cerrado Gold	903,087	-
Advances to equity investment in CINRL (Note 8)	(645,061)	(598,831)
Net cash provided by (used in) investing activities	258,026	(598,831)
Cash provided by financing activities:		
Shareholder loan (Note 10)	(6,768)	27,753
Shares to be issued	-	25,000
Net cash (used in) provided by financing activities	(6,768)	52,753
Increase (decrease) in net cash flow during the period	4,289	16,694
Cash, beginning of the period	30,520	55,663
Cash, end of the period	34,809	72,357
Funds held in trust	-	250,000

See accompanying notes to the unaudited condensed interim consolidated financial statements

JAMES BAY RESOURCES LIMITED
Condensed Consolidated Interim Statements of Changes in Equity
For the Three and Six Months Ended June 30, 2022 and 2021
Expressed in Canadian dollars

	Common Shares $	Share-based payments reserve $	Warrants reserve $	Deficit $	Total Shareholders' equity $
Balance, December 31, 2021	18,378,620	372,300	178,781	(17,026,260)	1,903,441
Net income (loss) for the period	-	-	-	(633,145)	(633,145)
Balance, June 30, 2022	18,378,620	372,300	178,781	17,659,405	1,270,296

	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)
Shares to be issued	275,000	-	-	-	275,000
Accumulated other comprehensive loss	-	237,807	-	-	237,807
Net income for the period	-	-	-	3,075,527	3,075,527
Balance, June 30, 2021	18,484,835	-	54,027	(16,027,566)	2,511,296

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 June 30, 2022, the Company had a working capital deficiency of $1,672,651 (December 31, 2021 - $1,694,986) and had an accumulated deficit of $17,659,405 (December 31, 2021 - $17,026,260) 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 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 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 77 Bloor Street West, Suite 1200 and 1210, Toronto, Ontario, Canada, M5S 1M2. These interim consolidated financial statements of the Company for the period ended June 30, 2022 were approved and authorized for issue by the Board of Directors on August 16, 2022.

2. BASIS OF PREPARATION

(a) Statement of compliance

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, 2021.

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. These consolidated financial statements were approved by the Board of Directors on August 16, 2022.

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, 2022 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

Standards and amendments issued but not yet effective or adopted

IAS 1, Presentation of Financial Statements
The IASB issued an amendment to IAS 1, Presentation of Financial Statements to clarify one of the requirements under the standard for classifying a liability as non-current in nature, specifically the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendment includes: (i) specifying that an entity's right to defer settlement must exist at the end of the reporting period; (ii) clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; (iii) clarifying how lending conditions affect classification; and (iv) clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. An assessment will be performed prior to the effective date of January 1, 2023 to determine the impact to the Company's consolidated financial statements.

IAS 16, Property, Plant and Equipment
The IASB issued an amendment to IAS 16, Property, Plant and Equipment to prohibit the deducting from property, plant and equipment amounts received from selling items produced while preparing an asset for its intended use. Instead, sales proceeds and its related costs must be recognized in profit or loss. The amendment will require companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs associated with making the item of property, plant and equipment available for its intended use. The amendment is effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The Company adopted the standard on January 1, 2022 and concluded no material impact on the financial statements.

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 adopted the standard on January 1, 2022 and concluded no material impact on the financial statements.

4. PRINCIPLES OF CONSOLIDATION

The condensed interim consolidated financial statements 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 condensed interim consolidated financial statements 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 condensed interim consolidated financial statements statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim consolidated financial statements 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.

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

(a) 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.

(b) 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.

(c) Contingencies
Refer to Note 18.

(d) Estimated useful life of property and equipment, depreciation
Management estimates the useful lives of 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 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 equipment in the future.

Expressed in Canadian dollars

6. EQUIPMENT

Cost	**Office equipment $**	**Furniture and fixtures $**	**Computer equipment $**	**Vehicles $**	**ROU $**	**Total $**
Balance, December 31, 2020 and 2021	17,390	125,697	46,253	22,946	200,499	412,785
Disposal	-	-	-	-	(200,499)	(200,499)
Addition	-	-	-	-	165,688	165,688
Balance June 30, 2022	17,390	125,697	46,253	22,946	165,688	377,974

Accumulated amortization	**Office equipment $**	**Furniture and fixtures $**	**Computer equipment $**	**Vehicles $**	**ROU $**	**Total $**
Balance December 31, 2020	15,537	125,697	45,762	20,366	122,523	329,884
Depreciation	1,853	-	491	779	66,839	69,962
Balance, December 31, 2021	17,390	125,697	46,253	21,145	189,362	399,847
Disposal	-	-	-	1,801	(189,362)	(187,561)
Depreciation	-	-	-	-	22,390	22,390
Balance, June 30, 2022	17,390	125,697	46,253	22,946	22,390	234,676

Carrying value	**Office equipment $**	**Furniture and fixtures $**	**Computer equipment $**	**Vehicles $**	**ROU $**	**Total $**
Balance December 31, 2021	-	-	-	1,801	11,137	12,938
Balance, June 30, 2022	-	-	-	-	143,298	143,298

As at June 30, 2022, the net book value of the Company's equipment by geographic location is as follows: Canada $156,732 (December 31, 2021 - $12,938) and Nigeria $Nil (December 31, 2021 - $1,801).

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" or "Cerrado Gold"). The Investment represented approximately 14% of the issued and outstanding common shares of Cerrado Gold on November 8, 2018.

Cerrado, through its 100%-owned Brazilian subsidiaries Templewood Mineração e Participações Societárias Ltda ("Templewood") and Serra Alta Mineração Ltda. ("Serra Alta") owns the Monte de Carmo Gold Project ("MDC") in the State of Tocantins, Brazil and the Minera Don Nicholas mine in Santa Cruz province, Argentina.

On February 19, 2021, Cerrado completed a reverse takeover ("RTO") transaction with BB1 Acquisition Corp. ("BB1") whereby Cerrado amalgamated with a wholly owned subsidiary of BB1 and the shareholders of BB1 received corresponding securities of Cerrado on a 1:8.3 basis for the issuance of Cerrado shares and options. Cerrado continued under the name Cerrado Gold Inc. following the completion of the RTO and began trading its common shares on the TSX Venture Exchange under the symbol CERT.

Mr. Stephen Shefsky, President, Chief Executive Officer and a director of James Bay, is also a director and a shareholder of Cerrado Gold. Mr. Mark Brennan, a former director of James Bay, is also a director and a shareholder of Cerrado Gold. Due to the common directors and the Company's shareholding in Cerrado Gold, it was determined that as of December 31, 2020 until April 30, 2021, the Company could exercise significant influence over Cerrado Gold and the investment was accounted for on an equity basis as of those dates.

On April 30, 2021, Mr. Mark Brennan resigned as a director of James Bay. This event triggered a change of accounting policy as the Company no longer exercised significant influence over Cerrado and did not meet the definition of an associate. Therefore, the Company's investment in Cerrado Gold was reclassified as a financial asset recorded at financial liabilities are classified as fair value through profit or loss (FVTPL).

Upon reclassification of the investment, the Company recorded a loss on equity investment in Cerrado Gold of $25,020 as at December 31, 2021. The Company recorded a $233,861 gain in the interim consolidated statements of income (loss) and comprehensive income (loss) during the six month period ended June 30, 2022. This gain consisted of $6,671 realized gain on sale of Cerrado Gold shares during the period and $227,190 unrealized gain to adjust the investment to its fair value at June 30, 2022.

During the period, the Company sold 614,800 shares for total net proceeds of $903,807. At June 30, 2022, the fair value of the 1,928,100 common shares of Cerrado Gold held by the Company was $2,930,712.

8. PETROLEUM PROPERTY INTERESTS

OML 25 PROJECT

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").

In June 2014, 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 Company, through CINRL, is engaged in arbitration before the International Chamber of Commerce (International Court of Arbitration) against The Shell Petroleum Development Company of Nigeria Limited, Total E&P Nigeria Limited and Nigerian Agip Oil Company Limited, in relation to claims involving its interest in OML 25 and has filed a Respondent /Counterclaimant Statement of Defence and Counterclaim in the arbitration.

Pursuant to the agreement with the Company's litigation counsel, James Bay is to pay 30% of the legal fees, to a cap of US$1.25 M. The terms of the 70% accrued fees ("Accrued Fees") are contingent as follows:

1. If the Arbitration is resolved prior to the date on which the hearing is scheduled to commence, James Bay shall pay litigation counsel an amount equal to three times the Accrued Fees.
2. If the Arbitration is not resolved prior to the commencement date of the Hearing, James Bay shall pay litigation counsel an amount equal to five times the Accrued Fees.

In addition to the Accrued Fees, James Bay has agreed to pay litigation counsel a success fee equal to 2% of any sums recovered by Crestar at resolution of the Arbitration, whether through settlement, award or otherwise. The maximum legal fees exposure is US$375,000. The Company has paid the full balance as at June 30, 2022.

On April 28, 2022, the Company received the decision (the "Decision") from the International Court of Arbitration. The Company, through Crestar, had filed a Respondent/Counterclaimant Statement of Defence and Counterclaim in the Arbitration, which was denied under the Decision.

On May 18, 2022, the Company terminated the financial and technical services agreement ("FTSA") with CINRL. This event triggered a change of accounting policy as the Company no longer exercised significant influence over CINRL and did not meet the definition of an associate. Therefore, the Company's investment in CINRL was reclassified as a financial asset recorded at FVTPL.

During the period ended June 30, 2022, the Company recorded a loss on equity investment in CINRL of $288,138 (June 30, 2021 - $351,949). As at June 30, 2022, the Company recorded impairment of equity investment of $352,949 (June 30, 2021 - $705,456). The majority of expenses incurred in CINRL pertains to arbitration fees in connection with OML-25.

Expressed in Canadian dollars

9. LEASES

	June 30, 2022	December 31, 2021
	$	**$**
Total lease payable	165,688	81,140
Effect of discounting	(7,627)	(3,589)
Present value of lease payable	158,061	77,551
Less: current portion	(26,998)	(77,551)
Long-term lease payable	131,063	-

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 June 30, 2022, the Company owed $253,285 (December 31, 2021 - $255,317) which includes accrued interest in the amount of $28,078.

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.

Expressed in Canadian dollars

12. SHARE CAPITAL

(a) **Authorized** - Unlimited common shares, with no par value
(b) **Issued** – 54,014,068 common shares

	#	$
Balance, December 31, 2020	51,014,068	18,209,835
Private placement (ii)	3,000,000	300,000
Warrants attached to units	-	(127,500)
Share issue costs	-	(3,715)
Balance, December 31, 2021 and June 30, 2022	54,014,068	18,378,620

(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 exercise date of these warrants was extended to July 31, 2023. The Company paid a total of $23,305 for legal and filing fees and other cash-related share issue costs.

(ii) On July 8, 2021, the Company closed a non-brokered private placement (the "Offering") of 3,000,000 units ("Units") at a price of $0.10 per Unit, for aggregate gross proceeds of $300,000. Each Unit is comprised of one common share and one common share purchase warrant in the capital of James Bay. Each warrant is exercisable for a common share at a price of $0.15 for 2 years from the date of issuance. The Company paid a total of $6,461 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:

	June 30, 2022		December 31, 2021	
	Number of options #	Weighted average exercise price $	Number of options #	Weighted average exercise price $
Balance, beginning of period/year	5,000,000	0.10	-	-
Granted	-	-	5,000,000	0.10
Balance, end of period/year	5,000,000	0.10	5,000,000	0.10

On December 22, 2021, the Company granted 5,000,000 stock options to directors, officers and a consultant of the Company. The fair value of the options was estimated using the Black-Scholes option-pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 100%; risk free interest rate of 1.25%; expected life of 5 years. An amount of $372,300 was recorded relating to these stock options for the year ended December 31, 2021.

Expressed in Canadian dollars

14. WARRANT RESERVE

	#	$
Balance, December 31, 2020 (i), (iii)	4,316,667	54,027
Warrants(ii)	3,000,000	127,500
Warrant issue costs	-	(2,746)
Balance, December 31, 2021 and June 30, 2022	7,316,667	178,781

(i) In connection with July 31, 2020 private placement (Note 12), 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.

(ii) In connection with July 8, 2021 private placement (Note 12), the Company issued 3,000,000 warrants which entitle the holder to purchase one common share of the Company at a price of $0.15 for a period of 2 years. The estimated fair value of the warrants of $127,500 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 0.48% and an expected life of 2 years.

(iii) On June 13, 2022, the Company announced that it intends to extend the expiry date of the 4,316,667 common share purchase warrants issued by the Company in connection with July 31, 2020 financing. The expiry date for all these warrants has now been extended until July 31, 2023.

15. 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 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 periods ended June 30, 2022 and 2021. 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 June 30, 2022, the Company is not in compliance with the policies of the CSE.

16. 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 June 30, 2022, the Company had cash of $34,808 (December 31, 2021 - $30,520) to settle current liabilities of $1,728,290 (December 31, 2021 - $1,743,683). The Company has a working capital deficiency of $1,672,651 (December 31, 2021 - $1,694,986). 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.

(b) 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.

Fair value
The carrying value of cash, amounts receivable, CEBA loan, shareholder loan, 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).

Expressed in Canadian dollars

17. RELATED PARTY DISCLOSURES

These condensed interim consolidated financial statements statements include balances and transactions with directors and officers of the Company and/or corporations related to them. During the periods ended June 30, 2022 and 2021, the Company entered into the following transactions involving related parties:

During the period ended June 30, 2022, $27,108 (June 30, 2021 - $34,360) was charged by a law firm of which a partner is a director of the Company. As of June 30, 2022, included in accounts payable and accrued liabilities is an accumulated balance of approximately $273,063 (June 30, 2021 - $255,400) owing to this law firm.

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

During the six months ended June 30, 2022 and 2021, remuneration of key management personnel for periods ended were as follows:

	June 30, 2022	June 30, 2021
Management salaries	$156,000	$156,000
Director fees	30,000	30,000
	$186,000	$186,000

During the period ended June 30, 2022, the Company paid $58,800 and accrued $90,000 (June 30, 2021 - paid $58,800 and accrued $90,000) to three executive officers.

At June 30, 2022, the Company has accrued a total of $500,000 (June 30, 2021 - $320,000) in management salary to the President and CEO. Of which, $90,000 related to 2022, and $410,000 related to prior years. The amounts are included in accounts payable and accrued liabilities.

18. 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 condensed interim consolidated financial statements. As of June 30, 2022, under these management contracts, management has committed to $522,000 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 party to legal proceedings in the ordinary course of its operations related to legally binding agreements with a third party. As at June 30, 2022, 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 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. The proceeding was scheduled for trial in September 2021, but the trial was adjourned for a potential conflict issue raised by the presiding judge. The defendant brought a motion for costs and was ultimately awarded $74,163 in costs by the judge. Included in accounts payable and accrued liabilities is $74,163 (December 31, 2021 – $74,163) for legal costs awarded in conjunction with the adjournment in connection with this legal proceeding.

19. 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, this outbreak has 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 mainly from home. While the extent of the impact remains 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.