JAMES BAY RESOURCES LIMITED

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023 AND 2022

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

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MARCH 31, 2023 AND 2022

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JAMES BAY RESOURCES LIMITED

Unaudited Condensed Interim Consolidated Statements of Financial Position

Expressed in Canadian dollars

As at

	March 31, 2023 $	December 31, 2022 $
ASSETS		
Current assets		
Cash	36,173	6,293
Funds held in trust (Note 15)	115,833	-
Prepaid expenses	14,985	14,985
Amounts receivable	29,194	10,957
Investment in Cerrado Gold Inc. (Note 8)	958,635	1,415,920
Total current assets	1,154,820	1,448,155
Equipment and ROU (Note 7)	109,461	122,937
Total non-current assets	109,461	122,937
Total assets	1,264,281	1,571,092
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 9, 18)	1,440,397	1,308,124
Shareholder loans (Note 11)	338,488	431,620
Current portion of lease payable (Note 10)	58,054	58,201
Canada emergency business account loan (Note 12)	60,000	60,000
Total current liabilities	1,896,939	1,857,945
Non-current		
Lease payable (Note 10)	65,952	82,944
Total liabilities	1,962,891	1,940,889
SHAREHOLDER'S EQUITY		
Share capital (Note 13)	18,735,214	18,378,620
Common share to be issued (Note 15)	-	74,993
Warrants reserve (Note 15)	71,353	157,955
Share based payment reserve (Note 14)	372,300	372,300
Deficit	(19,877,477)	(19,353,665)
Total common shareholders' (deficit) equity	(698,610)	(369,797)
Total liabilities and shareholders' equity	1,264,281	1,571,092

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENTS AND CONTINGENCIES (Note 19)
APPROVED ON BEHALF OF THE BOARD:

Signed "STEPHEN SHEFSKY" ,Director

Signed "JEAN J. GAUTHIER" , Director

See accompanying notes to the 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,

	2023	2022
	$	$
Expenses		
Management salaries and benefits (Note 18)	102,134	10,155
Professional fees (Note 18)	286,311	39,791
Office and general	20,755	1,175
Travel	-	1,397
Transfer agent and listing fees	3,745	319
Depreciation	13,476	2,009
Loss before the undernoted	(426,421)	(54,846)
Foreign exchange gain (loss)	-	(3,874)
Interest (expense) income (Note 10, 11)	(4,489)	(867)
Impairment on equity investment in CINRL (Note 9)	-	(321,512)
Loss from equity investment in CINRL (Note 9)	-	(263,055)
(Loss) gain from investment in Cerrado Gold (Note 8)	(92,902)	422,772
Total comprehensive (loss) income for the period	(523,812)	(221,382)
(Loss) Income per share		
Basic and diluted	(0.01)	(0.01)
Weighted average number of shares outstanding		
Basic and diluted	56,680,763	54,014,068

See accompanying notes to the unaudited condensed interim consolidated financial statements

JAMES BAY RESOURCES LIMITED
Consolidated Statements of Cash Flows
Expressed in Canadian dollars

	2023	2022
	$	$
Cash provided (used) by operating activities:		
Net (loss) income for the period	(523,812)	(221,382)
Add (deduct) items not affecting cash:		
Depreciation	13,476	2,009
Loss from equity investment in CINRL (Note 9)	-	263,055
Impairment on equity investment (Note 9)	-	321,512
Loss (Gain) on investment in Cerrado Gold (Note 8)	92,902	(422,772)
Foreign exchange loss	-	3,874
Net change in non-cash working capital:	(46,356)	(108,423)
Net cash (used) provided by operating activities	(463,790)	(162,127)
Cash provided by (used in) investing activities:		
Proceeds from the sale of Cerrado Gold (Note 8)	364,384	782,710
Advances to equity investment in CINRL	-	(609,571)
Net cash provided (used) in investing activities	364,384	173,139
Cash provided by (used in) financing activities:		
Lease payments	(35,214)	-
Shareholder loan (repayment) advance (Note 11)	(30,500)	(6,000)
Proceeds from warrants exercised (Note 15)	195,000	-
Net cash provided by financing activities	129,286	(6,000)
(Decrease) in net cash flow during the period	29,880	5,012
Cash, beginning of the period	6,293	30,520
Cash, end of the period	36,173	35,532
Supplementary Disclosure		
Funds Held in Trust	115,833	

See accompanying notes to the unaudited condensed interim consolidated financial statemen

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

	Common Shares $	Share-based payments reserve $	Warrants reserve $	Common share to be issued $	Deficit $	Total Shareholders' equity $
Balance, December 31, 2022	18,378,620	372,300	157,955	74,993	(19,353,665)	(369,797)
Common share to be issued			-	(74,993)		(74,993)
Warrant exercised	356,594	-	(86,602)	-	-	269,992
Net loss for the period	-	-	-	-	(523,812)	(523,812)
Balance, March 31, 2023	18,735,214	372,300	71,353	-	(19,877,477)	(698,610)

	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 for the period	-	-	-	(221,382)	(221,382)
Balance, March 31, 2022	18,378,620	372,300	178,781	(17,247,642)	1,682,059

See accompanying notes to the 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 and 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.

As at March 31, 2023, the Company had a working capital deficiency of $742,119 (December 31, 2022 - $409,790) and had an accumulated deficit of $19,877,477 (December 31, 2022 - $19,353,665) 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 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 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 77 Bloor Street West, Suite 1200 and 1210, Toronto, Ontario, Canada, M5S 1M2.

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, 2022.

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 condensed interim consolidated financial statements were approved by the Board of Directors on May 26, 2023.

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. The Company has adopted the standard on January 1, 2023. There was no impact in the adoption of the standard.

4. PRINCIPLES OF CONSOLIDATION

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

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 include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

See Note 9.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these 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 condensed interim consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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.

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 19.

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

6. SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting and functional currencies

The presentation currency of the Company and the functional currency of the Company and each of its subsidiaries is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the condensed interim consolidated statements of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses on translation are charged to profit or loss.

(b) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payments note.

The fair value is determined at the grant date of the equity-settled share-based payments and is recognized on a graded-vesting basis over the period during which the employee becomes unconditionally entitled to the equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. Upon exercise of the stock options, the consideration paid, together with the amount previously recognized in share-based payments reserve, is recorded as an increase in common shares. Unexercised stock options and warrants are transferred to deficit.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(c) Income Tax

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

(d) Equipment

Equipment is carried at cost less accumulated amortization. Amortization is calculated over the estimated useful life of the assets at the following annual rates:

Office equipment	-	20% declining balance basis
Furniture and fixtures	-	20% declining balance basis
Right of use asset	-	lesser of expected useful life or the lease term
Computer equipment	-	55% declining balance basis
Vehicles	-	30% declining balance basis

(e) Impairment of non-financial assets

The carrying values of capitalized exploration and evaluation assets and equipment are assessed for impairment when indicators of such impairment exist. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use. For exploration and evaluation assets, indicators of impairment would include exploration of a right to explore, no budgeted or planned material expenditures in an area or a decision to discontinue exploration in a specific area.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is charged to profit or loss to reduce the carrying amount to its recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation/amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss in the period of reversal.

(f) Financial instruments

Financial assets:

Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

<u>Financial assets recorded at fair value through profit or loss (FVTPL)</u>
Financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Gains or losses on these items are recognized in profit or loss. Cerrado Gold shares are recorded at fair value through profit or loss (FVTPL).

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest". The Company's cash and accounts receivable are classified as financial assets measured at amortized cost.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable and, accrued liabilities, and shareholder loan are classified as measured at amortized cost.

Financial liabilities recorded fair value through profit or loss ("FVTPL")

Financial liabilities are classified as fair value through profit or loss if they fall into one of the five exemptions detailed above.

Expected Credit Loss Impairment Model:

A financial asset carried at amortized cost is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset and that the estimated future cash flow of that asset can be estimated reliably. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For amounts receivable, the Company uses a combined approach of specific account identification and a provision matrix to estimate lifetime expected impairment. For all other financial assets, the Company uses specific account identification to determine the amount of expected impairment. Losses are recognized in the condensed interim consolidated statements of income (loss) and comprehensive income (loss) and reflected as an expected credit loss allowance against the financial asset. When a subsequent event causes the amount of the allowance to decrease, the decrease in allowance is reversed through the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the condensed interim consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on 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); and Level 3 – valuation techniques using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Income (loss) per share

Basic income (loss) per share is calculated by dividing the income (loss) available to common shareholders by the weighted average number of common shares outstanding in the period. Diluted income (loss) per share is calculated by assuming that the proceeds to be received on the exercise of dilutive convertible debentures, share options and warrants are used to repurchase common shares at the average market price during the period.

For the period ended March 31, 2023 and 2022 diluted loss per share is the same as basic loss per share as the effects of options, warrants would be anti-dilutive.

(h) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represents substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then an asset is not identified.
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.
- In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
    - The Company has the right to operate the asset; or
    - The Company designed the asset in a way that predetermines how and for what purpose it will be used.

If a contract is assessed to contain a lease, a lease liability is recognized representing the present value of cash flows estimated to settle the contract, discounted using the discount rate implicit in the lease, or if that is not available, a discount rate which would be required if the underlying asset was acquired through a financing arrangement. The Company will also recognize a right-of-use asset (“ROU”) that will generally be equal to the lease obligation at adoption.

The ROU asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. The Company uses it incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Expressed in Canadian dollars

7. EQUIPMENT and ROU

Cost	Office equipment $	Furniture and fixtures $	Computer equipment $	Vehicles $	ROU $	Total $
Balance, December 31, 2021	17,390	125,697	46,253	22,946	200,499	412,785
Disposal	-	-	-	(22,946)	(200,499)	(223,445)
Addition	-	-	-	-	168,758	168,758
Balance December 31, 2022 and March 31, 2023	17,390	125,697	46,253	-	168,758	358,098

Accumulated amortization	Office equipment $	Furniture and fixtures $	Computer equipment $	Vehicles $	ROU $	Total $
Balance, December 31, 2021	17,390	125,697	46,253	21,145	189,362	399,847
Disposal	-	-	-	(21,145)	(189,362)	(210,507)
Depreciation	-	-	-	-	45,821	45,821
Balance, December 31, 2022	17,390	125,697	46,253	-	45,821	235,161
Depreciation	-	-	-	-	13,476	13,476
Balance, March 31, 2023	17,390	125,697	46,253	-	59,297	271,583

Carrying value	Office equipment $	Furniture and fixtures $	Computer equipment $	Vehicles $	ROU $	Total $
Balance December 31, 2022	-	-	-	-	122,937	122,937
Balance, March 31, 2023	-	-	-	-	109,461	109,461

As at March 31, 2023, the net book value of the Company's equipment by geographic location is as follows: Canada $109,461 (December 31, 2022 - $122,937).

8. 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, was a director until March 2023 and is 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 $92,902 loss (March 31, 2022 - $422,772 gain) on sale of Cerrado Gold shares in the condensed interim consolidated statements of (loss) income and comprehensive (loss) income for the three month period ended March 31, 2023.

During the period, the Company sold 425,500 shares (March 31, 2022 – 542,900 shares) for total net proceeds of $364,384 (March 31, 2022 – $782,710). At March 31, 2023, the fair value of the 1,183,500 common shares (March 31, 2022 – 2,000,000 shares) of Cerrado Gold held by the Company was $958,635 (March 31, 2022 – $3,240,000).

Subsequent to period-end, the Company sold 292,500 shares of Cerrado Gold for gross proceeds of approximately $252,330.

9. PETROLEUM PROPERTY INTERESTS

The Company, through its wholly owned subsidiary JBENL had 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").

On April 5, 2023, the Company received a letter from the Corporate Affairs Commission of Nigeria (the "CAC") indicating that the commission has approved and registered the final accounts for the winding up of JBENL.

On April 12, 2023, the Company received a letter from the CAC indicating that the commission has approved and registered the final accounts for the winding up of CINRL.

During the three-month period ended March 31, 2023, the Company recorded a loss on equity investment in CINRL of $Nil (March 31, 2022 - $263,055). As of March 31, 2023, the Company recorded impairment of equity investment of $Nil (March 31, 2022 - $321,512).

Expressed in Canadian dollars

10. LEASES

	March 31, 2023	December 31, 2022
	$	**$**
Total lease payable	161,917	191,564
Effect of discounting	(20,773)	(29,647)
Present value of lease payable	141,144	161,917
Less: Lease payments	(17,138)	(20,772)
Less: current portion	(58,054)	(58,201)
Long-term lease payable	65,952	82,944

11. SHAREHOLDER LOANS

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% up to December 31, 2021, and is due on demand. The interest rate increased to 10% effective January 1, 2022 given the increase in Bank of Canada prime rate and current economic environment.

As at March 31, 2023, the Company owed an aggregated balance of $338,488 (December 31, 2022 - $431,620) which includes accrued interest in the amount of $48,000.

A director of the Company had extended a $225,000 loan to finance the working capital of the Company. The Company repaid $67,000 in April 2023, reducing the balance to $158,000. The loan is non-interest bearing and is due on demand.

12. 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, 2023, 25% of the loan will be forgiven. The loan bears no interest until December 31, 2023, at which point if unpaid, it will convert to a three-year term loan bearing interest at 5% per annum.

Expressed in Canadian dollars

13. SHARE CAPITAL

(a) **Authorized** - Unlimited common shares, with no par value
(b) **Issued** – 58,097,401 common shares

	#	$
Balance, December 31, 2020	51,014,068	18,209,835
Private placement (i)	3,000,000	300,000
Warrants attached to units	-	(127,500)
Share issue costs	-	(3,715)
Balance, December 31, 2022	54,014,068	18,378,620
Warrants exercised (ii)	4,983,333	356,594
Balance, March 31, 2023	58,997,401	18,735,214

(i) 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.

(ii) In January 2023, 4,983,333 warrants were exercised at a price of $0.05 per share. The increase in share capital of $356,594 consisted of the cash proceeds on the exercise of warrants ($249,167) and the Black Scholes valuation ($107,427) of the warrants.

Expressed in Canadian dollars

14. 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, 2023		December 31, 2022	
	Number of options #	Weighted average exercise price $	Number of options #	Weighted average exercise price $
Balance, beginning of period/year	5,000,000	0.10	5,000,000	0.10
Granted	-	-	-	-
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

15. WARRANT RESERVE

	#	$
Balance, December 31, 2021	7,316,667	178,781
Warrants exercised(i)	(1,083,333)	(20,826)
Balance, December 31, 2022	6,233,334	157,955
Warrants exercised(ii)	(3,900,000)	(86,602)
Balance, March 31, 2023	2,333,334	71,353

(i) In December 2022, the Company amended the exercise price of an aggregate of 7,316,667 warrants which are exercisable to acquire common shares in the capital of the Company.

The original warrant terms were as follows:

i. 4,316,667 warrants exercisable at a price of $0.12 per share until July 31, 2023 and
ii. 3,000,000 warrants exercisable at a price of $0.15 per share until June 29, 2023

The above warrants were repriced from $0.12 and $0.15 respectively to $0.05 provided that the exercise of such warrants occurs on or before January 31, 2023. The expiry date of the warrants remains unchanged. Any warrant that remains outstanding and unexercised after January 31, 2023 shall be revert back to the original exercise price of $0.12 and $0.15 respectively.

During 2022, 1,083,333 warrants were exercised by the President and CEO and a Director of the Company.

(ii) In January 2023, 3,900,000 additional warrants were exercised for a total of 4,983,333 warrants exercised. Of that total, the President and CEO and two directors of the Company exercised 1,083,333 and 1,150,000 warrants respectively. As at March 31, 2023, included in funds held in trust is $115,833 in proceeds from the exercise of these warrants.

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 Company will continue to assess new properties and seek to acquire an interest in additional properties if 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 March 31, 2023, and 2022. 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, 2023, 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. As of March 31, 2023, the Company had cash of $36,173 (December 31, 2022 - $6,293) and funds held in trust of $115,833 (December 31, 2022 - $nil) to settle current liabilities of $1,896,939 (December 31, 2022 - $1,857,945). The Company had a working capital deficiency of $742,119 (December 31, 2022 - $409,790). 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

18. RELATED PARTY DISCLOSURES

These 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, 2023 and 2022, the Company entered into the following transactions involving related parties:

During the period ended March 31, 2023, $36,872 was charged by a law firm of which a partner is a director of the Company. As of March 31, 2023, included in accounts payable and accrued liabilities is an accumulated balance of approximately $288,251 (December 31, 2022 - $251,377) owing to this law firm.

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

The remuneration of key management personnel for years ended March 31, 2023 and 2022 were as follows:

	March 31, 2023	March 31, 2022
Management salaries	$63,000	$78,000
Director fees	15,000	15,000
	$78,000	$93,000

During the period ended March 31, 2023, the Company paid $14,400 and accrued $48,600 (March 31, 2022 - paid $29,400 and accrued $48,600) to three executive officers.

At March 31, 2023, the Company has accrued a total of $635,000 (March 31, 2022 - $455,000) in management salary to the President and CEO. The amounts are included in accounts payable and accrued liabilities.

See Note 15.

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 condensed interim consolidated financial statements. As of March 31, 2023, under these management contracts, management has committed to $522,000 of salaries and benefits due within one year.

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, 2023, 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.

In April 2023, the Company initiated a negligence claim against the lawyer who acted for CB Holdings and related companies in relation to the US$3.5M loans made by James Bay in 2018, seeking damages incurred from the lawyer's negligent conduct. The claim has been filed in California and has been served on the defendants.

James Bay has made legal filings in April 2023 to pursue 1782 disclosure under Nevada law from Wynn Casinos in Nevada, in efforts to obtain evidence to substantiate the claim that Wynn Casinos did not properly fulfill its duty to know your client and to properly investigate sources of funding from designated guests spending excessively at the casinos and other facilities extensively.