



MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023 AND 2022

INTRODUCTION

The Management’s Discussion and Analysis (“MD&A”) of James Bay Resources Limited (the “Company” or “James Bay”) should be read in conjunction with the Company’s consolidated audited financial statements for the years ended December 31, 2023 and 2022. Those financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) and all amounts shown in this MD&A and in the financial statements are expressed in Canadian dollars, unless otherwise noted. This MD&A was reviewed and approved by the Company’s Audit Committee and Board of Directors on April 2, 2024.

FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words “anticipate”, “believe”, “estimate”, “expect” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such forward-looking statements relate to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration of the Company’s exploration property. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievement of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made.

COMPANY OVERVIEW

James Bay is a junior resource company originally focused on the acquisition and exploration of base and precious metal mineral properties, with activities centered in Canada. In 2011, the Company entered into a preliminary agreement to conduct due diligence to identify potential oil and gas acquisition targets in Nigeria. The Company, through its wholly owned subsidiary, James Bay Energy Nigeria Limited (“JBENL”) had 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”). Effective July 2023, JBENL and CINRL were wound-up. The Company no longer has any ownership interest in JBENL or CINRL.

CORPORATE STRUCTURE

The consolidated financial statement comprises the financial statements of the Company and the following subsidiaries.

James Bay Energy Nigeria LLC, USA (“JBEN LLC”)	100%
James Bay Energy Nigeria Limited, Nigeria (“JBENL”)	100%
D&H Energy Nigeria Limited, Nigeria (“DHENL”)	100%

JBEN LLC is a Delaware limited liability company and a wholly owned subsidiary of James Bay. JBEN LLC has been inactive for several years. Management completed the wind up JBEN LLC on February 2, 2023.

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. JBENL was deemed to be dissolved 90 days from April 4, 2023.

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. CINRL was deemed to be dissolved 90 days from April 11, 2023.

In June 2023, the Company filed for dissolution of DHENL. On February 27, 2024, 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. CINRL will be deemed to be dissolved 90 days from February 27, 2024. DHENL has been dormant for many years.

PETROLEUM PROPERTY INTERESTS

OML 25 PROJECT

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”). In July 2023, both JBENL and CINRL were wound-up.

During the year ended December 31, 2023, the Company recorded a loss on equity investment in CINRL of \$nil (December 31, 2022 - \$303,225). As at December 31, 2023, the Company recorded impairment of equity investment of \$nil (December 31, 2022 - \$370,608).

The following is a summary of the financial information for CINRL for the years ended December 31, 2023 and 2022:

	USD	USD
	December 31, 2023	December 31, 2022
	\$	\$
Total current assets	-	107,371
Total current liabilities	-	89,270
Total non-current asset	-	304,762
Total comprehensive loss	-	1,543,080

INVESTMENT IN CERRADO GOLD

The Company recorded a loss of \$229,452 (December 31, 2022 - \$972,162) on investment in Cerrado Gold. This balance consisted of \$70,552 realized loss (December 31, 2022 - \$119,391) on sale of Cerrado Gold shares and \$158,900 unrealized loss (December 31, 2022 - \$852,770) in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2023.

During the year, the Company sold 1,041,500 shares (December 31, 2022 – 933,900 shares) for total gross proceeds of \$855,560 (December 31, 2022 – \$1,197,408). At December 31, 2023, the fair value of the 567,500 common shares (December 31, 2022 – 1,609,000 shares) of Cerrado Gold held by the Company was \$340,500 (December 31, 2022 – \$1,415,920).

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

RESULTS OF OPERATIONS

Revenue

The Company did not have revenues from operations.

Expenses and Income

For the year ended December 31, 2023, the Company recorded total expenses of \$1,197,664 (December 31, 2022 – \$682,391) from operations. The change is mainly due to an increase in professional fees of \$720,571 (December 31, 2022 – \$185,536). The Company is party to legal proceedings in the ordinary course of its operations related to legally binding agreements with third parties.

For the three months ended December 31, 2023, the Company recorded total expenses of \$287,980 (December 31, 2022 – \$162,576). This increase is mainly from the increase in professional fees of \$194,783 (December 31, 2022 – \$57,715 expense recovery).

Net loss and comprehensive loss

For the year ended December 31, 2023, the Company recorded net loss of \$1,025,651 (December 31, 2022 – \$2,327,405). The major fluctuations are as follows:

- (i) Decrease in impairment on equity investment in CINRL of \$nil (December 31, 2022 - \$370,608).
- (ii) Decrease in loss from equity investment in CINRL of \$nil (December 31, 2022 - \$303,225).
- (iii) Decrease in loss from investment in Cerrado Gold of \$229,452 (December 31, 20212 - \$972,162). This balance consisted of \$70,552 realized loss (December 31, 2022 - \$119,391) on sale of Cerrado Gold shares and \$158,900 unrealized loss (December 31, 2022 - \$852,770). The investment in Cerrado Gold is marked to market at balance sheet date. The loss from investment is mainly due to the declining share price of Cerrado Gold.

For the three months ended December 31, 2023, the Company recorded a net income of \$50,003 (December 31, 2022 – \$196,994 net loss). The decrease in net loss and comprehensive loss is mainly attributable to the gain on share for debt transactions.

CASH FLOWS

Operating Activities

For the year ended December 31, 2023, the Company had net cash outflow of \$983,318 (December 31, 2022 - \$753,773) from operating activities. The Company's net change in non-cash working capital was an inflow of \$223,873 as compared to \$139,881 cash outflow for the same period in 2022. The change in non-cash working capital is mainly attributable to the change in accounts payable and accrued liabilities of \$232,953 inflow (December 31, 2022 - \$132,116 cash outflow).

Investing Activities

For the year ended December 31, 2023, the Company had a net cash inflow of \$845,969 (December 31, 2022 - \$562,723) from investing activities. The Company received \$845,969 net proceeds (December 31, 2022 - \$1,197,408) from the sale of Cerrado shares during the year. The Company used these funds to finance working capital of the Company. For the year ended December 31, 2023, the Company advanced \$nil (December 31, 2022 - \$652,912) to equity investment in CINRL. The Company ceased funding CINRL after May 18, 2022.

Financing Activities

For the year ended December 31, 2023, the Company had a net cash inflow of \$148,821 (December 31, 2022 - \$166,823) from financing activities. The Company received \$170,000 (December 31, 2022 - \$12,500) on the exercise of warrants. This is offset by the repayment of shareholder loans (\$60,000), and lease payments on the premise (\$68,416).

SELECTED QUARTERLY FINANCIAL INFORMATION

SUMMARY OF QUARTERLY RESULTS

	Quarter-ended			
	December 31, 2023 \$	September 30, 2023 \$	June 30, 2023 \$	March 31, 2023 \$
Working capital (deficiency)	(545,363)	(258,312)	(1,023,437)	(742,119)
Operating expenses	287,980	167,297	316,077	426,421
Interest expense	8,998	4,155	2,485	4,489
Net (income) loss and comprehensive (income) loss	(50,003)	273,134	278,819	523,812
Net (income) loss and comprehensive (income) loss per share attributable to the common shareholders of the Company (basic and diluted)	(0.01)	0.00	0.01	0.01

	Quarter-ended			
	December 31, 2022 \$	September 30, 2022 \$	June 30, 2022 \$	March 31, 2022 \$
Working capital (deficiency)	(409,790)	(225,771)	(1,672,651)	(1,594,424)
Operating expenses	162,576	296,917	168,052	54,846
Interest expense	14,525	3,971	2,412	867
Net (income) loss and comprehensive (income) loss	196,995	1,497,266	411,764	221,382
Net (income) loss and comprehensive (income) loss per share attributable to the common shareholders of the Company (basic and diluted)	0.00	0.03	0.01	0.01

LIQUIDITY AND OUTLOOK

As at December 31, 2023, the Company had no source of operating cash flows. The Company reported a net loss and other comprehensive loss of \$1,025,651 and a deficit of \$20,379,316. The Company's continuance as a going concern is dependent upon its ability to obtain equity capital and financing for its working capital.

The Company's opinion concerning liquidity and its ability to avail itself in the future of the financing options mentioned above are based on currently available information. To the extent that this information proves to be inaccurate, future availability of financing may be adversely affected. Factors that could affect the availability of financing include the Company's performance (as measured by various factors including the progress and results of its exploration work) and equity markets, investor perceptions and expectations of past and future performance, the global financial climate.

CAPITAL RESOURCES

Common shares

At December 31, 2023 and April 2, 2024, the Company had 81,076,241 common shares issued and outstanding.

Stock options

At December 31, 2023 and April 2, 2024, the Company had 5,000,000 stock options issued and outstanding.

Warrants

There are no warrants outstanding at December 31, 2023 and April 2, 2024.

FINANCIAL INSTRUMENTS

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

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to cash and cash equivalents and amounts receivable is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have liquidity to meet liabilities when due. At December 31, 2023, the Company had cash of \$17,765 (December 31, 2022 - \$6,293) to settle current liabilities of \$938,650 (December 31, 2022 - \$1,857,945). The Company had a working capital deficiency of \$545,363 (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

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.

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. The carrying value of the convertible debentures is equal to its fair value.

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).

RELATED PARTY DISCLOSURES

During the year ended December 31, 2023, \$114,977 (December 31, 2022 - \$272,429) was charged by a law firm of which a partner is a director of the Company. As of December 31, 2023, included in accounts payable and accrued liabilities is an accumulated balance of approximately \$35,517 (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 December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Management salaries	\$782,908	\$272,000
Director fees	60,000	60,000
	<u>\$842,908</u>	<u>\$332,000</u>

During the year ended December 31, 2023, the Company paid \$76,908 in cash and \$616,000 in shares to three executive officers. In July 2023, the Company issued 12,000,000 common shares at a deemed price of \$0.05 per share to the President and CEO as full and final payment of debt in the aggregate amount of \$600,000. The 12 million shares issuable to the Company's CEO, for amounts owing to him as part of the Debt Settlement will be held in escrow and only released upon James Bay entering into an agreement to acquire an active business. As of December 31, 2023, included in accounts payable and accrued liabilities is an accumulated balance of \$89,344 (December 31, 2022 - \$194,400) owing to these executive officers.

For the \$60,000 of directors' fees at December 31, 2023, the Company paid \$30,000 in shares and accrued \$30,000 (December 31, 2022 - \$60,000 accrued). In July 2023, the Company issued 2,700,000 common shares at a deemed price of \$0.05 per share to the directors as full and final payment of directors' fees debt in the aggregate amount of \$135,000, for directors' fees owing from April 1, 2021 to June 30, 2023.

CONVERTIBLE DEBENTURES

During the year ended December 31, 2023, the Company issued \$125,000 in aggregate principal amount of convertible debentures. The convertible debentures bear interest of 15% per annum, payable semi-annually and mature three years following the date of issuance. The convertible debentures are convertible at a conversion price of \$0.05 per common share.

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 (the "California Litigation").

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 (the "Nevada Litigation"). The California Litigation and the Nevada Litigation, collectively the "Litigation".

The Company concurrently 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 the Litigation, if any (whether as a result of final judgement 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"), for the initial 1 Million of Net Final Amount and 20% of any Net Final Amount above \$1,000,000 payable to the Holders within 60 days from the receipt of the Final Award. In the event the Company prepays the Debentures in full prior to that date which is one year from the date of issue and prior to the date of the Final Award, then the amount payable to the Holders under the agreement will be adjusted to reflect an aggregate entitlement of 15%. Should the Company's litigation be settled or be the subject of a final decision and if the Company is in receipt of settlement funds, the convertible debentures holders will have rights to accelerate the maturity date to 15 days following the date the convertible debentures holders provide written notice to the Company.

The President and CEO of the Company purchased an aggregate of \$50,000 of convertible debentures. A Director of the Company purchased an aggregate of \$25,000 of convertible debentures.

In accordance with IFRS, the entire instrument is treated as a liability and the conversion option is revalued every reporting period. The net present value of the liability component of the convertible debentures has been estimated using an effective interest rate of 27.2%. The directly attributable transaction costs were expense in the consolidated statements of loss and comprehensive loss. The convertible debentures, net of transaction costs, are accreted such that carrying amount of the convertible debenture will equal the face value of the convertible debenture at maturity. The accretion on the convertible debentures is included in interest expense in the consolidated statements of loss and comprehensive loss.

The rate of 27.2% used in estimating the value of the liability component of the convertible debentures and used to apply the effective interest rate method to the convertible debentures is based on significant management estimation.

Subsequent to year-end, the Company received a further \$175,000 from subscriptions for convertible debentures for total proceeds of \$300,000.

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 December 31, 2023, under these management contracts, management has committed to \$522,000 of salaries and benefits due within one year.

On December 13, 2023, the Company announced that it has received the decision of Justice Papageorgiou (the “Decision”) of the Ontario Superior Court of Justice, in the claim made by James Bay against Mak Mera Nigeria Limited (“Mak Mera”) and Wale Sola. Under the Decision, the Company was successful in all claims, and was awarded \$405,000 to be repaid by Mak Mera, plus \$200,000 in damages for defamation against Mak Mera and Wale Sola, jointly and severally.

The Company has made submission on a costs award in relation to the Decision. The defendants (Mak Mera and Wale Sola) served a Notice of Appeal in January 2024.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RISKS AND UNCERTAINTIES

Additional Capital

The Company conducted due diligence to identify potential project. If the results are favourable, Company will require additional capital which may come from future financings. There can be no assurance that the Company will be able to raise such additional capital if and when required on terms it considers acceptable.

No History of Profitability

The Company is an exploration company with no history of profitability. There can be no assurance that the operations of the Company will be profitable in the future. The Company has limited financial resources and will require additional financing to further explore, develop, acquire, retain and engage in commercial production on its property interests and, if financing is unavailable for any reason, the Company may become unable to acquire and retain its mineral concessions and carry out its business plan.

Conflicts of Interest

Certain of the directors and officers of the Company may also serve as director and officer of other companies involved in gold and precious metal or other natural resource exploration and development and consequently, the possibility of conflict exists. Any decisions made by such directors involving the Company will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Company and such other companies. In addition, such directors declare, and refrain from voting on any matters in which such directors may have a conflict of interest.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Stephen Shefsky	Founder and Director, President & CEO
Wayne Egan	Non-Executive Chairman
Jon Pereira	Director
Jean J. Gauthier	Director
Adeniyi Olaniyan	Director

OFFICE LOCATION

Corporate Head Office

77 Bloor Street West
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LEGAL COUNSEL

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Book Law

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Amsterdam & Partners LLP

London, England

AUDITOR

MNP LLP

Mississauga, Ontario, Canada

REGISTRAR & TRANSFER AGENT

TSX Trust

Toronto, Ontario, Canada

BANKER

CIBC

Toronto, Ontario, Canada

STOCK EXCHANGE

Canadian Stock Exchange

Ticker symbol "JBR"