

JAMES BAY RESOURCES LIMITED

**FORM 2A
LISTING STATEMENT**

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this Listing Statement (including the appendices hereto and the documents incorporated by reference herein) constitute forward-looking information within the meaning of applicable Canadian securities legislation. The use of any of the words anticipate, plan, continue, estimate, expect, may, will, project, goal, predict, potential, should, believe, intend or the negative of these terms and similar expressions are intended to identify forward-looking information and statements. The information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information and statements. Such statements reflect the Company's current views with respect to certain events, and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance, or achievements to vary from those described in this Listing Statement (including the appendices hereto and the documents incorporated by reference herein). Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward looking statements prove incorrect, actual results may vary materially from those described in this Listing Statement as intended, planned, anticipated, believed, estimated, or expected.

The reader is further cautioned that the preparation of financial statements, including pro forma financial statements, in accordance with IFRS or another accounting method, as the case may be, requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change, having either a negative or positive effect as further information becomes available, and as the economic environment changes. With respect to the forward-looking statements contained herein, although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Some of these risks are described in this Listing Statement under Item 17 - *Risk Factors*. Additional risk factors are discussed in the Company's MD&A for the year ended December 31, 2017 is attached to this Listing Statement as Schedule 1D and filed on SEDAR at www.sedar.com.

The forward-looking statements contained in this Listing Statement, including the documents incorporated by reference herein, identifies additional factors that could affect the operating results and performance of the Company. We urge you to consider those factors. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements speak only as of the date of this Listing Statement. The Company does not intend or assume any obligation to update these forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law.

Definitions

The following is a glossary of certain definitions used in this Listing Statement. Terms and abbreviations used in the financial statements of the Company in the appendices to this Listing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. All dollar amounts referenced herein are shown in Canadian dollars, unless otherwise indicated.

%Affiliate” means a company that is affiliated with another company as described below. A company is an Affiliate of another company if (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same Person. A company is **%controlled+**by a Person if (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company. A Person beneficially owns securities that are beneficially owned by (a) a company controlled by that Person, or (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

%Associate+when used to indicate a relationship with a person or company, means (a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer, (b) any partner of the person or company, (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity, (d) in the case of a person, a relative of that person, including (i) that person’s spouse or child, or (ii) any relative of the person or of his spouse who has the same residence as that person; but (e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

%Board+or **%Board of Directors+**means the board of directors of the Company.

%CHEPCL+ Crestar Hydrocarbon Exploration and Production Company Limited, an indigenous Nigerian corporation

%GINRL+means Crestar Integrated Natural Resources Limited or Crestar, a 45% owned Nigerian subsidiary of the Company.

%Common Shares+means the common shares in the capital of James Bay.

%Company+, **%James Bay+**or the **%Issuer+**means James Bay Resources Limited.

%DHENL” means D&H Energy Nigeria Limited.

%DPR+ means the Nigerian Department of Petroleum Resources.

%Exchange+ means the Canadian Securities Exchange.

%Issuer+ means the Company.

%JBENL+ means James Bay Energy Nigeria Limited, a wholly owned Nigerian subsidiary of the Company.

%MD&A+ means Management's Discussion and Analysis.

%MI 61-101+ means Multilateral Instrument 51-101 . *Protection of Minority Security Holders in Special Transactions.*

%NI 51-101+ means National Instrument 51-101 . *Standards for Disclosure for Oil and Gas Activities.*

%NNPC+ means Nigerian National Petroleum Corporation.

%Non-Arm's Length Transaction+ means a transaction which is a Related Party transaction.

%OBCA+ means the *Business Corporations Act (Ontario)*.

%Ogedeh Project+ means the Ogedeh Marginal Field within OML-90.

%OML-25+ means the Nigerian National Petroleum Corporation Block OML-25 in the Niger Delta region.

%OML-90+ means the southwestern corner of the Nigerian National Petroleum Corporation Block OML-90 in Western Niger Delta Basin, Nigeria.

%Person+ means a company or individual.

%Related Party Transaction+ has the meaning ascribed under the policies of MI 61-101.

%Securities Laws+ means, the applicable securities laws, regulations and rules, and the blanket rulings and policies and written interpretations of, and multilateral or national instruments applicable to the Company.

%SEDAR+ means the filing system developed by the Canadian Securities Administrators called System for Electronic Document Analysis and Retrieval where the public can retrieve information about public companies.

%Shareholder" or **%Shareholders+** means the holder or holders of Common Shares of James Bay.

%Shell JV+ means The Shell Petroleum Development Company of Nigeria Limited, Total E&P Nigeria Limited, and Nigerian AGIP Oil Company Limited (collectively the **%Shell JV+**).

%Stock Option Plan+ means the 2008 Amended and Restated Stock Option Plan, established by the Board on January 9, 2013 and ratified and approved by the shareholders of the Company on June 23, 2009, further amended and restated by the Board on May 25, 2011 and ratified and approved by the shareholders of the Company on June 29, 2011 and further amended and restated by the Board on January 9, 2012 and ratified and approved by the shareholders of the Company on or about February 4, 2013.

%Voting Shares+ means a security of an Issuer that: (a) is not a debt security, and (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

2. Corporate Structure

2.1 Corporate Name and Head and Registered Office

This Form 2A is filed with respect to James Bay Resources Limited (the **%Company+**, the **%Corporation+**, **%James Bay+** or the **%Issuer+**) in connection with its listing on the Canadian Securities Exchange (referred to herein as the **%CSE+** or the **%Exchange+**). The Company's head and registered office is located at 79 Wellington Street West, TD Tower South, Suite 2100, and P.O. Box 139, Toronto, Ontario, M5K 1H1.

2.2 Jurisdiction of Incorporation

The Company was incorporated on November 5, 2007 as ~~%2153325 Ontario Inc.+~~ pursuant to the provisions of the OBCA. By articles of amendment on November 22, 2007, the Company changed its name to its current name ~~%James Bay Resources Limited+.~~

2.3 Inter-corporate Relationships

The Company dissolved Ondobit Nigeria Limited (~~%OL+~~) in November 2017. The Company has the following subsidiaries:

<u>Name of Subsidiary</u>	<u>Location</u>	<u>Company's Ownership</u>
James Bay Energy Nigeria LLC (%JBEN LLC+)	Delaware, USA	100%
James Bay Energy Nigeria Limited (%JBENL+)	Nigeria	100%
D&H Energy Nigeria Limited (%DHENL+)	Nigeria	100%
Crestar Integrated Natural Resources Limited (%CINRL+)	Nigeria	45%

2.4 Fundamental Change

Not applicable.

2.5 Non-corporate Issuers and Issuers Incorporated Outside of Canada

Not applicable.

3. General Development of the Business

3.1 General Development of the Business

Ogedeh Project in Nigeria

The Ogedeh Project is currently on hold given the economics in current market conditions. The DPR is currently reviewing all marginal field licenses to determine if the current owners have done enough work to keep their license. The nature and extent of work required is not clearly defined by the DPR.

Acquisition of OML 25

CINRL was incorporated in September 2013. The Company, through its wholly owned subsidiary JBENL has a 45% ownership interest in CINRL with the remaining 55% portion held by an indigenous Nigerian corporation, CHEPCL.

In November 2013, the Company entered into a financial and technical services agreement with CINRL (the **CINRL Agreement**) whereby the Company is appointed the financial and technical partner with respect to acquiring oil and gas projects in Nigeria.

This agreement provided that the Company shall arrange to provide the funding to CINRL and shall meet all required financial obligations. The Company was responsible for providing technical assistance, appointing personnel and carrying out the evaluation, development and production from the projects. JBENL's President and Chief Executive Officer is also a director of the Company, the President and Chief Executive Officer of CINRL, and a shareholder and member of the board of directors of CHEPCL.

In consideration of the Company's obligations to provide the funding to CINRL under the CINRL Agreement, the revenue proceeds from the contract area or any asset of CINRL shall be allocated in the following manner:

- a. The parties shall first deduct any amounts owing to third parties in accordance with their participatory interest under the project document;
- b. 80% of the remaining revenue proceeds (after deductions under (a) above) shall be allocated to the Company;
- c. The remaining 20% of revenue proceeds (after deductions under (a) and (b) above) shall be shared between CINRL and the Company in accordance with their respective ownership interest.

The CINRL Agreement was amended on June 17, 2014 to reflect a change of party from CINRL to CHEPCL.

In June 2014, CINRL was selected as the winning bidder for a 45% participating interest in active 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 Limited Company (collectively the "Shell JV"), and deposited 100% of the purchase price into an escrow account with JP Morgan in London.

Concurrent with the signing of the agreement for assignment of OML 25 on July 3, 2014, an agreement came into force with a prospective future investor of CINRL to provide CINRL with a loan for the full acquisition cost of the asset. The agreement further provided that the future investor would provide all technical services required under the operation of OML 25, such agreement was subject only to the formal closing of the acquisition. As consideration, the prospective investor was to assume a 55.56% effective interest in OML 25 and net revenue proceeds from the asset were to be adjusted accordingly.

On July 4, 2014, notice of the proposed acquisition by CINRL was given to the government of Nigeria. After the NNPC attempted to wrongfully block the sale and acquired the interest for itself under a 30-day contractual right of first refusal that had expired months earlier, CINRL commenced injunction proceedings in January 2015 in the Nigerian Federal High Court to bar the Shell JV from effecting a transfer to NNPC or anyone else, which injunctions were granted on a preliminary basis. The Shell JV subsequently sought to discharge the injunctions, but the Federal High Court dismissed the Shell JV's application. Concurrently with its injunction request against the Shell JV, CINRL delivered a 30-day pre-action notice to NNPC, as required by Nigerian law in advance of any legal proceedings against the state-owned petroleum corporation.

On March 9, 2015, the Federal High Court of Nigeria ruled in favor of CINRL, freezing plans by the NNPC to acquire the 45% participating interest in OML 25+ being divested by the Shell JV.

In 2015, following the wrongful actions of the NNPC, negotiations among CINRL and the Shell JV who, along with the NNPC currently control OML 25, resumed. Pursuant to an agreement reached between CINRL and its partner that funded the OML 25 escrow amount, the sum of US\$408 million which was previously held in an escrow account in respect of the purchase price payable for OML 25 was returned in July 2015. Given the material delays with the acquisition and the wrongful termination of the initial purchase agreement for OML 25, it was determined that the funds should be released from escrow. Notwithstanding this release from escrow, the initial US\$45,320,000 deposit remains with the Shell JV while the acquisition of OML 25 is pending.

In addition and in connection with this process, CINRL's funding partner has agreed to fund a portion of consortium costs previously incurred by CINRL in an amount equal to up to US\$11 million, with US\$3.5 million paid on July 1, 2015 and US\$7.5 million paid in June, 2016. The sum of US\$29 million was placed into a new escrow account by CINRL's partner pending agreement of final terms of the acquisition transaction.

CINRL commenced legal proceedings in the High Court of Justice in England, against the Nigerian subsidiary (the "**Subsidiary**") of CINRL's funding partner on January 27, 2017. CINRL's claim alleges bad faith conduct by the Subsidiary relating to the proposed acquisition of OML 25 in the Niger Delta region. The dispute in the English High Court centers on US\$20.5 million held in escrow, which CINRL alleges should have been released to CINRL had the Subsidiary not sent its bad faith election that it intended to finance the OML 25 purchase. See below under the heading "*Legal Proceedings*".

On April 2, 2018, the Company announced that its settlement offer in the litigation between CINRL and Newton has been accepted. The litigation relates to proceedings brought in January 2017 by CINRL in the English High Court over the deposit of US\$20.5 million currently held in an escrow account, following a protracted dispute over the acquisition of OML 25 from Shell and its partners. Under the terms of the settlement offer, James Bay shall receive US\$10.5 million of the escrowed funds, plus interest at 8% from January 3, 2018, along with its legal costs in relation to the action.

On April 16, 2018, the Company received US\$10.5 million plus interest of US\$227,820 in connection with the litigation between CINRL and Newton.

Financing

During the year ended December 31, 2015, the Company issued \$2,999,895 in aggregate principal amount of convertible debentures (the "**Debentures**"). The Debentures bear interest of 15% per annum, payable semi-annually and mature three years following the date of issuance. The Debentures are convertible at a conversion price of \$0.17 per common share.

Concurrently with the issuance of the Debentures, the Company sold and assigned, pursuant to separate agreements (the "**Litigation Award Agreements**") with each subscriber for Debentures, a pro rata entitlement (based on all the subscribers) for up to an aggregate of 30% of the net proceeds of litigation related to the OML 25 project, if any (whether as a result of final judgment by a court of competent jurisdiction or settlement for which no appeal or further proceeding may be taken (the "**Final Award**")), after deduction of all related costs and taxes incurred by the Company in the Litigation (the "**Net Final Amount**"), 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 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 Debentures holders provide written notice to the Company.

On November 30, 2016, the Company repaid a total principal amount of \$2,000,000 out of the \$2,999,895 convertible debentures. In accordance with IFRS, at the date of the repayment, the consideration paid and the transaction costs are allocated between the financial liability and conversion feature (which is classified as derivative financial liability) consistent with the method used in original allocation to separate the proceeds between the two components. The resulting gain or loss is recognized in the statements of income (loss) and comprehensive income (loss). Of the total amount repaid \$1,257,672 was repaid to the President and CEO and a director of the Company.

During the year ended December 31, 2017, the convertible debenture holders re-lent \$425,000 to the Company to finance working capital. The re-lent amount carries the same terms as the original convertible debentures.

3.2 Significant Acquisitions and Dispositions

Please refer to Item 3.1 . *General Development of the Business*.

3.3 Trends, Commitments, Events or Uncertainties

There are no trends, commitments, events or uncertainties known to management which could reasonably be expected to have a material effect on the Company's business, the Company's financial condition or results of operations. However, there are significant risks associated with the Company's business, as described in Item 17 . *Risk Factors*.

4 Narrative Description of the Business

4.1 General

(1) Business of the Issuer

(a) Stated Business Objectives

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+. The Company is currently involved in the exploration and evaluation of oil and gas interests in Nigeria. The Company has not yet discovered any deposits, nor has it earned any revenues.

(b) Significant Events or Milestones

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 Nigerian National Petroleum Corporation (NNPC) attempted to block the sale and acquire the interest for itself. CINRL commenced injunction proceedings in January 2015 in the Nigerian Federal High Court to bar the Shell JV from effecting a transfer to NNPC or anyone else, which injunctions were granted on a preliminary basis. The Shell JV subsequently sought to discharge the injunctions, but the Federal High Court dismissed the Shell JV's application on March 6, 2015.

The Federal High Court of Nigeria also ruled in favor of CINRL and granted an injunction in favour of CINRL which froze plans by the NNPC to acquire the 45% participating interest in OML 25 being divested by joint venture partners The Shell Petroleum Development Company of Nigeria Limited, Total E&P Nigeria Limited, and Nigerian AGIP Oil Company Limited. As of the date hereof this injunction continues to remain in place.

On April 2, 2018, the Company announced that its settlement offer in the litigation between CINRL and Newton has been accepted. The litigation relates to proceedings brought in January 2017 by CINRL in the English High Court over the deposit of US\$20.5 million currently held in an escrow account, following a protracted dispute over the acquisition of OML 25 from Shell and its partners. Under the terms of the settlement offer, James Bay shall receive US\$10.5 million of the escrowed funds, plus interest at 8% from January 3, 2018, along with its legal costs in relation to the action.

(c) Total Funds Available and (d) Principal Purposes of Funds

As of December 31, 2017, the Company had approximately \$68,300 of cash. On April 16, 2018, the Company received US\$10.5 million settlement offer, plus interest at 8% from January 3, 2018 to the date of acceptance of the settlement offer on March 21, 2018.

(2) Principal Products or Services

James Bay is currently engaged in oil and gas exploration, development, production, and acquisitions in Nigeria. Once in production, the Company's principal product will be oil and gas. There is a global market into which any oil and gas produced could be sold and, as a result, the Company will not be dependent on a particular purchaser with regard to the sale of any oil and gas produced.

(3) Production and Sales

Please refer to Item 4.1(1) . *General*.

(4) Competitive Conditions and Position

The petroleum industry is competitive in all its phases. The Company will compete with numerous other participants in the search for the acquisition of oil and natural gas properties and in the marketing of oil and natural gas. Its competitors include oil and gas companies that have substantially greater financial resources, staff and facilities than those of the Company, as the case may be. The Company's ability to increase reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery.

(5) Lending Operations of Issuer's Business

This is not applicable to the Company.

(6) Bankruptcy and Receivership

This is not applicable to the Company.

(7) Material Restructuring

This is not applicable to the Company.

(8) Social and Environmental Policies

James Bay has implemented a policy on matters relating to Safety, Environmental and Social Responsibility (the **SESR Policy**). The objective of the SESR Policy is to outline how James Bay, together with its directors, officers, employees, consultants and contractors, will conduct its business in a safe and environmentally friendly manner and to the highest standards of corporate social responsibility.

The SESR Policy is applicable to all directors, officers, employees, consultants and contractors of James Bay. Each such person or entity must agree to be bound by the provisions of the SESR Policy upon notification of the most recent copy. The SESR Policy describes and prescribes the following (inter alia):

- James Bay is committed to responsible mining and sustainable development in the communities in which it operates.

- James Bay acknowledges that long term sustainability of its activity depends on good management in terms of environmental protection.
- James Bay is committed to providing and maintaining a safe and healthy working environment where all employees and contractors conduct themselves in a responsible and safe manner.

4.2. Asset Backed Securities

This is not applicable to the Company.

4.3 Companies with Mineral Projects

Not applicable.

4.3 Companies with Oil and Gas Operations

See the report, attached as Appendix %A+ hereto, for information regarding the Ogedeh Project. The report attached hereto as Schedule %A+ and may also be viewed on SEDAR at www.sedar.com.

5. Selected Consolidated Financial Information

The information presented below is derived from the Company's financial statements which were prepared in accordance with IFRS and were audited by the Company's independent auditor. It should be read in conjunction with the Company's annual financial statements and related notes thereto.

5.1 Annual Information

The Company's audited financial statements for the year ended December 31, 2017 is attached hereto as Schedule %G+ and are available on SEDAR.

Certain financial results for each of the last three completed financial years are summarized below:

Selected Financial Data

	Year Ended December 31, 2017 (audited) (\$)	Year Ended December 31, 2016 (audited) (\$)	Year Ended December 31, 2015 (audited) (\$)
Revenue	Nil	Nil	Nil
Impairment of mineral exploration properties and exploration and evaluation assets	Nil	Nil	4,486,965
Total expenses	206,437	443,687	1,838,853
Net income (loss) and total comprehensive income (loss) for the year	(4,239,973)	3,561,695	(6,258,508)
Basic (loss) per common share	(0.10)	(0.09)	(0.15)
Diluted (loss) per common share	(0.10)	(0.08)	(0.15)
Cash and short-term investments	68,300	2,867,360	1,321,139
Total assets	236,607	3,084,287	1,588,053
Total long-term liabilities	1,402,338	1,176,127	3,266,070

5.2 Quarterly Information

The Company's audited financial statements for the year ended December 31, 2017 . Attached as Schedule 6+.

The results for each of the eight most recently completed quarters ending at December 31, 2017, are summarized below:

Fiscal 2017				
	Q1	Q2	Q3	Q4
	\$	\$	\$	\$
Net (loss)	(619,646)	(985,133)	(824,237)	(1,810,955)
Basic net (loss) per common share	(0.01)	(0.02)	(0.02)	(0.04)
Diluted net (loss) per common share	(0.01)	(0.02)	(0.02)	(0.04)
Fiscal 2016				
	Q1	Q2	Q3	Q4
	\$	\$	\$	\$
Net income (loss)	(2,911,004)	(1,575,093)	8,892,676	(844,884)
Basic and diluted net income (loss) per common share	(0.01)	(0.04)	0.21	(0.02)

5.3 Dividends

The Company does not have a dividend policy and does not pay dividends to its shareholders.

5.4 Foreign GAAP

Section 5.4 is not applicable to the Company.

6. Management's Discussion and Analysis

The Company's MD&A for the year ended December 31, 2017 is attached to this Listing Statement as Schedule 1D.

7. Market for Securities

7.1 The Company's common shares are currently listed for trading on the CSE under the symbol %BR.

8. Consolidated Capitalization

8.1 Consolidated Capitalization

There has been no material change in the share and loan capital of the Company, on a consolidated basis, since the date of the financial statements filed by the Company in respect of the year ended December 31, 2017.

9. Options to Purchase Securities

9.1 Options to Purchase Securities

The following table sets forth, as at the date hereof, the amount and terms of currently outstanding options to acquire common shares the Company has granted to all directors, past directors, executive officers, past executive officers, all other employees and past employees, and consultants (of both the Company and its subsidiaries). The Company has not granted options to any person who is not, or was not previously, a director, officer, employee or consultant (of either the Company or its subsidiaries). Exercise prices shown reflect consolidations of the Company's Common Share capital.

As at April 27, 2018, a total of 5,150,000 stock options were issued and outstanding. All stock options entitle the holder to purchase Common Shares of the Company.

Category	Aggregate Number of Individuals	Aggregate Number of Options	Date of Grant	Exercise price	Expiry Date
Directors and past directors of the Company	6	4,100,000	May 4, 2015	\$0.25	May 4, 2020
Executive officers and past executive officers of the Company	1	100,000	May 4, 2015	\$0.25	May 4, 2020
Consultants and past consultants of the Company	1	350,000	May 4, 2015	\$0.25	May 4, 2020
Directors and past directors of all subsidiaries	1	300,000	May 4, 2015	\$0.25	May 4, 2020
Consultants and past consultants of all subsidiaries	1	250,000	September 15, 2015	\$0.30	September 15, 2020
Employees and past consultants of all subsidiaries	1	50,000	May 4, 2015	\$0.25	May 4, 2020

10. Description of the Securities

10.1 General

As of the date of this Listing Statement, the authorized capital of the Company consists of an unlimited number of Common Shares of which, as of the date of this Listing Statement, an aggregate of 41,474,070 common shares of the Company are issued and outstanding.

Each Common Share entitles the holder thereof to one vote at all meetings of Shareholders of the Company.

10.2 . 10.6 . Miscellaneous Securities Provisions

None of the matters set out in Items 10.2 to 10.6 of Form 2A are applicable to the share structure of the Company.

10.7 Prior Sales

The Company has not sold any Common Shares within the 12 months prior to the date of this Listing Statement.

10.8 Stock Exchange Price

The following table sets forth the price ranges and volume of the Company's Shares on the Exchange for April 26, 2018, each month of the financial quarter ended March 31, 2018 and quarterly for the seven preceding financial quarters.

Period	High	Low	Volume
Part month ended April 26, 2018	\$0.145	\$0.145	6,500
Month ended March 31, 2018	\$0.09	\$0.07	75,000
Month ended February 28, 2018	\$0.11	\$0.10	20,200
Month ended January 31, 2018	\$0.19	\$0.09	80,100
Quarter ended December 31, 2017	\$0.15	\$0.06	460,860
Quarter ended September 30, 2017	\$0.13	\$0.072	370,725
Quarter ended June 30, 2017	\$0.20	\$0.11	132,975
Quarter ended March 31, 2017	\$0.20	\$0.15	106,000
Quarter ended December 31, 2016	\$0.20	\$0.18	162,000
Quarter ended September 30, 2016	\$0.32	\$0.17	1,065,913
Quarter ended June 30, 2016	\$0.30	\$0.16	417,553

11. Escrowed Securities

11.1 Escrow Table

Not applicable, as there are currently no escrowed shares.

12. Principal Shareholders

(1) Information as of the Date Hereof

As of the date of this Listing Statement, the only persons or companies who, to the knowledge of the directors and executive officers of the Company, beneficially own, or control or direct, directly or indirectly, voting securities carrying ten percent (10%) or more of the issued and outstanding Voting Shares of the Company are as follows:

Name	Number & Type of Securities	Type of Ownership	Percentage of Class
Stephen Shefsky ⁽¹⁾	5,433,167 Common Shares	Beneficial and Registered ⁽²⁾	13.1%
Mark Brennan ⁽¹⁾	3,009,988 Common Shares	Beneficial ⁽³⁾	11.82%

Notes:

1. This information was supplied to the Company by the shareholders and from the insider reports available at www.sedi.ca.
2. Of the 5,433,167 common shares, Stephen Shefsky holds 3,500,000 common shares in trust for the Stephen Shefsky Family Trust, 423,300 through tax-free savings accounts, 473,367 through RRSP accounts and the remaining 1,036,500 common shares directly.
3. Of the 3,009,988 common shares, Mark Brennan owns 2,999,988 common shares through Linear Capital Corp. and the remaining 10,000 common shares directly.

(2) Information Upon Requalification

Not applicable.

(3) Voting Trusts

To the knowledge of the Company, no voting trust exists within the Company such that more than 10 per cent of any class of voting securities of the Company are held, or are to be held, subject to any voting trust or other similar agreement.

(4) Associates and Affiliates

To the knowledge of the Company, none of the principal shareholders is an Associate or Affiliate of any other principal shareholder.

(5) Fully-Diluted Basis

A footnote has been included in the table (above) showing the required calculation(s) on a fully-diluted basis.

13. Directors and Officers

13.1 Directors and Officers Table

The following table sets out information concerning directors and executive officers of the Company:

Name and Resident Country⁽¹⁾	Present Position(s) with the Company	Principal Occupation or Employment for previous 5 years⁽¹⁾⁽²⁾	Director or officer Since	Common Shares Beneficially Owned Directly or Indirectly	Percentage of Outstanding Common Shares
Stephen Shefsky^{(3) (5)} Toronto, Ontario Canada	Director, President, Chief Executive Officer of the Corporation and a Director, and Executive Chairman of CINRL.	President and Chief Executive Officer of James Bay Resources Limited.	November, 2007	5,433,167 ⁽⁵⁾ common shares	13.1%
Mark Brennan^{(4) (6)} Toronto, Ontario Canada	Director of the Company and CINRL.	Executive Chairman of Ascendant Resources Inc. Former President and Chief Executive Officer of Sierra metals and Largo Resources Ltd.	November, 2007	3,009,988 ⁽⁶⁾ common shares	11.8%
Jon Pereira^{(3) (4)} Toronto, Ontario Canada	Director	Vice-President of Operations of Didi Canada Inc. President and Chief Executive Officer of BE Resources Inc.	January, 2008	677,500 ⁽⁷⁾ common shares	1.6%
Wayne Egan^{(4) (8)} Toronto, Ontario Canada	Chairman, Director	Partner at the law firm of WeirFoulds LLP.	March, 2008	110,000 ⁽⁸⁾ common shares	0.3%
Jean Gauthier⁽³⁾ Ottawa, Ontario, Canada	Director	Former President and Chief Executive Officer of the Canadian Council on Africa (2013-2016).	Previously, from December 10, 2012 to February 22, 2013 and currently from August 28, 2014.	Nil	0.0%
Eric Szustak⁽⁹⁾ Toronto, Ontario, Canada	Chief Financial Officer	Chairman of Quinsam Capital Corporation. Former Chief Financial Officer of Castle Resources Inc. and Ascendant Resources Inc.	July 2008	53,333 common shares ⁽⁹⁾	0.1%
Adeniyi Olaniyan Calgary, Alberta Canada	Director of the Corporation and CINRL; President and Chief Executive Officer of the Corporation's subsidiaries and CINRL.	Director of JBR, President and Chief Executive Officer of JBENL; Hydrocarbon Maturation Manager for Shell Petroleum Development Company; Subsurface Geoscience Manager for Brunei Shell Petroleum	June 1, 2012	Nil	0.0%

Notes:

1. The information as to country of residence, principal occupation and number of common shares beneficially owned, or controlled or directed, directly or indirectly, by the nominees is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
2. Unless otherwise stated above, any nominees named above have held the principal occupation or employment indicated for at least five years.
3. Member of the Audit Committee of the Company, consisting of Stephen Shefsky, Jon Pereira and Jean Gauthier.
4. Member of the Compensation Committee of the Company, consisting of Mark Brennan, Jon Pereira and Wayne Egan.
5. Of the 5,433,167 common shares, Stephen Shefsky holds 3,500,000 common shares in trust for the Stephen Shefsky Family Trust, 423,300 through tax-free savings accounts, 473,367 through RRSP accounts and the remaining 1,036,500 common shares directly.
6. Of the 3,009,988 common shares, Mark Brennan owns 2,999,988 common shares through Linear Capital Corp. and remaining 10,000 common shares directly.
7. Jon Pereira directly holds the 677,500 common shares disclosed.
8. Wayne Egan directly holds the 110,000 common shares disclosed.
9. Of the 53,333 common shares, Eric Szustak owns 5,333 through tax-free saving accounts, 38,000 through RRSP accounts, and 10,000 in a locked-in retirement account.

13.2 Periods in Office

The table above sets forth the period during which each director has served as a director. All directors hold office until the next annual meeting of shareholders or until their earlier death, removal or resignation.

13.3 Directors' and Officers' Securities

As a group, the directors and executive officers of the Company beneficially own, and exercise control and direction over, an aggregate of 9,283,988 Common Shares of the Company, representing 22.39% of the issued and outstanding common shares, on an undiluted basis, as at April 27, 2018.

13.4 Board Committees

The Company has the following committees:

- (i) Audit Committee comprised of Stephen Shefsky, Jon Pereira, and Jean Gauthier;
- (ii) Compensation Committee comprised of Mark Brennan, Jean Gauthier, and Wayne Egan.
- (iii) Corporate Governance Committee comprised of Mark Brennan, Jean Gauthier, and Wayne Egan.
- (iv) Reserve Committee comprised of Mark Brennan, Jon Pereira and Adeniyi Olaniyan.

13.5 Directors' and Officers' Principal Occupations

Details of the principal occupations of any director or executive officer of the Company are set forth in the table above.

13.6 Corporate Cease Trade Orders or Bankruptcies

No director, officer of the Company, or shareholder holding a sufficient number of securities to affect materially control of the Company is, or within 10 years before the date of this Listing Statement, has been, a director or officer of any other issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied such other issuer access to any exemptions under Ontario securities law for a period of more than 30 consecutive days, except for Mr. Wayne T. Egan, who was a director of OceanLake Commerce Inc., which corporation was the subject of a cease trade order issued by the Ontario Securities Commission on October 3, 2008, and a former director of Exall Energy Corporation when it entered into receivership on March 25, 2015;

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in such other issuer being the subject of a cease trade or similar order or an order that denied such other issuer access to any exemption under securities legislation for a period of more than 30 consecutive days;

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

13.7 Penalties or Sanctions

No director or officer of the Company, or a shareholder holding sufficient securities of the Company to affect materially the control of the Company, has:

(a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13.8 Disclosure of Settlement Agreement

Not applicable.

13.9 Bankruptcy and Insolvency

No director or officer of the Company, or shareholder holding a sufficient number of securities to affect materially control of the Company, or a personal holding company of any such persons, has, within the 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

13.10 Conflicts of Interest

There is no known existing or potential conflict of interest among the Company's directors, officers, or other members of management except as disclosed below.

Conflicts of interest may arise as a result of the directors, officers and promoters of the Company also holding positions as directors or officers of other companies. Some of the individuals who are directors and officers of the Company have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Company will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies provided under OBCA.

Adeniyi Olaniyan, President and CEO of JBENL and CINRL, has direct interest in the CHEPCL.

13.11 Management

Stephen Shefsky

Mr. Shefsky is the Chief Executive Officer, President and a director of the Company and CINRL since incorporation and devotes substantially all his working time to the Corporation. Mr. Shefsky was the co-founder and former Director of Brasoil do Brasil Exploracao Petrolifera S.A., a private oil and gas producing and exploration company operating in Brazil since 2006. Mr. Shefsky also is the President and Chief Executive Officer of Cancap Investments Limited, a private merchant bank providing venture capital and project financing for private and public companies, since 1985. He is involved in strategic planning and corporate development of its investee companies in the mineral resources sector. From 1996 to August 2007, Mr. Shefsky held the positions of the President and Chief Executive Officer of Verena Minerals Corporation (TSXV:VML), a minerals exploration company with a focus on precious metal properties in Brazil (currently Belo Sun Mining Corp., TSXV:BSX). Mr. Shefsky is also a former director and the Executive Chairman of Castle Resources Inc. (TSXV:CRI) since February 2008 and July 2011, respectively until July 2014. Mr.

Shefsky became the chairman and director of Ascendant Resources Inc. (TSX:ASND) in December 2009, and is currently a director. Mr. Shefsky was a founder of Silver Bear Resources Inc. (TSX:SBR) Mr. Shefsky holds a Bachelor of Arts from the University of Toronto, a Master of Science Degree in Urban Planning from Columbia University and a Juris Doctor Degree from Pepperdine University School of Law.

Mark Brennan

Mr. Brennan is a co-founder and director of James Bay Resources since its inception in November 2007. Mr. Brennan is also a director of CINRL. Mr. Brennan has been the president of Linear Capital Corp., a merchant bank focused on developing assets in the mining & oil and gas sectors since February 1998. He was president and Chief Executive Officer (CEO) of Sierra Metals Inc. (TSXV: SMT) from April, 2015 to April 2017. Mr. Brennan was president, CEO and director of Largo Resources Ltd. (TSXV: LGO), a development company with assets in Brazil, from March 2005 to March 2015, and Mr. Brennan is also a co-founder of Brasoil do Brasil Exploracao Petrolifera S.A., a private oil and gas producing and exploration company operating in Brazil since 2006. Mr. Brennan was a co-founder and director of North Sea Energy Inc. an operator of oil production assets in the UK North Sea until November 2007 and has been a director of Vast Exploration Inc. (TSXV:VST) since February 2005, an oil exploration company in Kurdistan. Mr. Brennan was a founder of Castle Resources and was Chairman from October 2006 to June 2011 and was the Chief Executive Officer of Admiral Bay Resources Inc. (TSXV:ADB) from September 2003 to October 2005. Mr. Brennan is the founder and Executive Chairman of Ascendant Resources Inc. (TSX:ASND).

Jon Pereira

Mr. Pereira has been a director of the Corporation since January 2008. Mr. Pereira is a successful entrepreneur and is the co-founder of Olympic Circuits Canada Inc., a leading printed circuit board manufacturer in Toronto since 1988. Mr. Pereira successfully sold this company to Ddi Canada Inc. ("Ddi") in May 2001. Mr. Pereira has held the position of Vice-President of Operations of Ddi since January 1989 and offers operational consulting assistance to Ddi across the organization. Mr. Pereira has extensive experience in leading the growth of manufacturing systems and operations. Mr. Pereira was previously a board member for Active Control Technology Inc. (TSXV:ACT). Mr. Pereira is the President and CEO of BE Resources Inc. (TSXV:BE).

Wayne Egan

Mr. Egan is a partner at the law firm of Weirfoulds LLP and acts for several public companies on the TSX and TSX Venture Exchange. He has also been a director of various public companies in Canada and the US. Mr. Egan obtained a B.Comm from the University of Toronto and an LL.B. from Queen's University.

Jean Gauthier

From October 2013 to October 2016, Mr. Gauthier worked as President and CEO of the Canadian Council on Africa, a not-for-profit organization devoted to the promotion of trade and economic relations between Canada and the African continent. From September 2009 to August 2012, Mr. Gauthier served as the first Deputy High Commissioner of Canada to Nigeria with responsibilities for the Deputy High Commission of Canada in Lagos and Senior Regional Trade Commissioner for Nigeria and Central Africa. From May 2006 to August 2009, Mr. Gauthier was Deputy Director for the African Great Lakes Region, Central Africa and Nigeria at the department of Foreign Affairs and International Trade Canada, where he had special responsibilities for coordinating Canada's bilateral relations with Nigeria. This role was in addition to the responsibilities he took on in 2003 as Deputy to Canada's Special Envoy and Ambassador for the African Great Lakes Region. Mr. Gauthier has also had previous overseas assignments in Egypt, Kuwait, Iraq, Saudi Arabia and Yemen where political developments, trade relations, and oil policies were his daily focus. He received in June 2005, a Professional Association of Foreign Service Officers award in recognition of the dedication and commitment that characterized his long and successful career in the Foreign Service.

Eric Szustak

Eric Szustak has been Chief Financial Officer of the Corporation since January 2008. He received his chartered accountancy designation in 1985. Mr. Szustak was a principle in a private accountancy practice from 1987 to 1993 and a private investment advisor with Midland Walwyn from 1993 to 2000. He also acted as an investment advisor, Assistant Branch Manager, and Compliance manager for BMO Nesbitt Burns Inc. from 2000 to 2007. Mr. Szustak is President of Quinsam Capital Corporation. He received a B.A. Honors Chartered Accountant Studies and Economics from the University of Waterloo. Mr. Szustak devotes a significant amount of his working time to the Company.

14. Capitalization

14.1 Securities to be Listed

Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
<u>Public Float</u>				
Total outstanding (A)	41,474,070	52,657,736 ⁽¹⁾	N/A	N/A
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	9,283,988	16,473,828 ⁽²⁾	22.39%	31.28%
	32,190,082	36,183,908	77.61%	68.72%
Total Public Float (A-B)				
<u>Freely-Tradeable Float</u>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	NIL	NIL	NIL	NIL
	32,190,082	36,183,908	77.61%	68.72%
Total Tradeable Float (A-C)				

Notes:

- (1) Includes 5,150,000 common shares issuable on exercise of the stock options, 151,313 common shares issuable on exercise of warrants and 5,882,353 common shares issuable on conversion of convertible debentures.
- (2) Includes 4,200,000 common shares issuable on exercise of the stock options, and 2,989,840 common shares issuable on conversion of convertible debentures.

Public Security holders (Registered)**Class of Security**

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	21	41,474,070
Totals	21	41,474,070

Public Security holders (Beneficial)**Class of Security: Common Shares**

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	7	153
100 – 499 securities	8	2,554
500 – 999 securities	18	19,754
1,000 – 1,999 securities	14	31,011
2,000 – 2,999 securities	14	44,200
3,000 – 3,999 securities	14	58,744
4,000 – 4,999 securities	34	232,711
5,000 or more securities	140	26,637,568
Unable to confirm	0	0
Total Reported	249	27,026,695

Non-Public Security holders (Registered)

Instruction: For the purposes of this report, “non-public security holders” are persons enumerated in section (B) of the issued capital chart.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	<u>0</u>	<u>0</u>
100 – 499 securities	<u>0</u>	<u>0</u>
500 – 999 securities	<u>0</u>	<u>0</u>
1,000 – 1,999 securities	<u>0</u>	<u>0</u>
2,000 – 2,999 securities	<u>0</u>	<u>0</u>
3,000 – 3,999 securities	<u>0</u>	<u>0</u>
4,000 – 4,999 securities	<u>0</u>	<u>0</u>
5,000 or more securities	<u>5</u>	<u>9,283,988</u>
Total:	<u>5</u>	<u>9,283,988</u>

14.2 Convertible or Exchangeable Securities*Convertible Debentures*

During the year ended December 31, 2015, the Company issued \$2,999,895 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 \$0.17 per common share.

On November 30, 2016, the Company repaid a total principal amount of \$2,000,000 out of the \$2,999,895 convertible debentures.

During the year ended December 31, 2017, the convertible debenture holders re-lent \$425,000 to the Company to finance working capital. Of the \$425,000 re-lent amount, \$200,000 was from the CEO of the Company. The re-lent amount carries the same terms as the original convertible debentures.

<u>Date of Issuance</u>	<u>\$</u>
April 30, 2015	1,599,925
May 29, 2015	1,324,970
June 12, 2015	75,000
Balance, December 31, 2015	2,999,895
Repayment, November 2016	(2,000,000)
Balance December 31, 2016	999,895
Re-lent:	
November 14, 2017	100,000
November 24, 2017	208,350
December 04, 2017	16,650
December 19, 2017	100,000
Balance, December 31, 2017	425,000
	1,424,895

14.3 Other Securities

Not applicable.

15. Executive Compensation

15.1 Statement of Executive Compensation

Statement of Executive Compensation is attached at Schedule 15B+hereto.

16. Indebtedness of Directors and Executive Officers

16.1 None of the directors or executive officers of the Company were indebted to the Company as at April 27, 2018.

17. Risk Factors

17.1 Description of Risk Factors

Additional risk factors are discussed in the Company's MD&A for the year ended December 31, 2017 is attached to this Listing Statement as Schedule 17D+and filed on SEDAR at www.sedar.com.

Risks Related to Carrying on Business in Nigeria

Proposed changes to Nigeria's Petroleum Industry Bill ("PIB")

The Nigerian Government regulates fiscal and tax laws and social policies pertaining to the oil and gas industry through various means, including royalty payments, export taxes, surcharges, value added taxes, production bonuses and other charges. While many aspects of these laws and policies may be modified (or stabilized) in production

sharing contracts, there can be no assurance that they will not be changed in the future (or that production sharing contracts will continue to be negotiated so as to mitigate their impact) and any such change or inability or failure to mitigate such change could adversely affect the operating results, financial condition or prospects of James Bay.

More specifically, Nigeria has proposed sweeping changes to its oil industry fiscal terms pursuant to the draft PIB. The PIB would increase the Nigerian Government take of oil revenue under new production sharing contracts and effect many other changes that industry would consider less advantageous than those under present circumstances. In addition, the PIB, as presently drafted, would not confer advantageous fiscal terms to holders of Marginal Fields under the Marginal Field Development Program. While there is no certainty as to the final form that the PIB will take, nor when it will be passed, any such legislation could have a material adverse effect on the operating results, financial condition or prospects of James Bay.

Nigeria has experienced significant instability since its independence

Nigeria obtained political independence from the United Kingdom on October 1, 1960 and became a federal republic in 1963. From its first military coup d'état on January 15, 1966, Nigeria experienced a long period of military rule and political instability. Since the adoption of a new presidential constitution in May 1999, however, Nigeria has experienced relative stability. In April 2007, the late Umaru Musa Yar'Adua was elected President, marking the first time that one democratically elected government had handed over power to another in Nigeria. President Yar'Adua died on May 5, 2010 and was succeeded by his Vice President, Goodluck Jonathan, who was thereafter elected as President in general elections conducted in April 2011.

Although the 2011 elections were reported to have been conducted peacefully and credibly, prior to the final announcement of the result, post-election violence and riots occurred in certain cities of some of the northern states. The violence was reportedly as a result of dissatisfaction with the results by supporters of an opposition party, who believed that the results declared in those states did not reflect the perceived widespread support for their candidate. Nevertheless, the Nigerian Independent National Electoral Commission and international observers upheld the elections as being well-conducted and the commission formally announced the incumbent President Goodluck Jonathan as the winner with a majority of total votes cast.

The ownership and control of minerals at the federal level has provoked regional conflict, as the oil producing areas claim, among other things, compensation for environmental degradation. In addition, recently Nigeria witnessed substantial civil unrest in connection with its attempt to remove fuel subsidies. Often, conflicts have been triggered by religious and ethnic differences.

There are over 250 different languages spoken in Nigeria and a similar number of distinct ethnic groups. Nigeria's political parties continue to be based largely upon ethnic allegiance. At the same time, these divisions are reinforced by religious differences, particularly between the mainly Muslim north and broadly Christian south. Certain northern states have adopted Sharia law since the return to civilian rule in 1999, which

resulted in alienation of Christian minorities. Recently, there have been attacks across the northern parts of Nigeria, some of which have been attributable to an Islamist group called Boko Haram, which seeks the imposition of Shari'ah law throughout Nigeria. To date, none of these attacks have occurred in areas where James Bay's assets are located, however, the level of violence can be substantial, such as in July 2012 when the group claimed responsibility for attacks that killed more than 65 people in central Nigeria. In February and March 2014, attacks in the north-eastern part of Nigeria resulted in increasing death tolls and loss of property.

In an effort to ameliorate regional tensions, the Nigerian Government increased the amount of government oil revenue returned to the oil producing states from 3% to 13% in 2000. Opposition from the northern states to this revenue-sharing formula resulted in the restriction of the application of the formula to the littoral boundaries of the coastal states that comprise the prolific Niger Delta region, down from 200 to 24 nautical miles. The Nigerian Government then enacted the Allocation of Revenue (Abolition of Dichotomy in the Application of the Principle of Derivation) Act 2004 that set the limit of the 13% revenue allocation to waters up to 200 m in depth. However, Niger Delta states still frequently question the existing formula. Unless resolved by the Nigerian Government, these conflicts, whether provoked by disagreements regarding the spread of oil revenue, or ethnic or religious differences, may adversely affect the stability of the country.

Nigeria experiences high incidence of oil theft and piracy

Illegal bunkering refers to the theft and trade of stolen oil. Theft may occur on a small scale at a local level or as part of wider organized crime. Illegal bunkering in Nigeria occurs through a variety of different means, including by using small cargo canoes that navigate the shallow waters of the Niger Delta where pipelines are punctured to siphon oil into small tanks, stealing crude directly from the wellhead or filling tankers at export terminals. Incidents of sabotage often involve environmental damage associated with leakage and spills. James Bay may experience oil production losses due to illegal bunkering (theft) and sabotage activities. There is no certainty that illegal bunkering will not continue or even increase in the future, nor that illegal bunkering has been (historically) or will be (in the future) properly measured.

In addition to illegal bunkering, there have been increased incidents of piracy in the Gulf of Guinea, which pose a risk to deep-water offshore oil operations. Piracy attacks typically target high value cargo and has become more frequent and at greater distances from the coast. Certain of James Bay's assets may become subject to piracy in the future.

James Bay has interests in the Niger Delta, which is an area of Nigeria with significant security risks

Since late 2005, Nigeria has experienced increased pipeline vandalism, kidnappings of oil workers, and militant takeovers of oil facilities in the Niger Delta. Certain groups seek a redistribution of oil wealth and greater local control of the sector. Additionally, kidnappings of oil workers for ransom are common and security concerns have led

some oil services firms to pull out of the country and oil workers unions to threaten strikes over security issues.

The instability in the Niger Delta has also caused significant amounts of shut-in production at onshore and shallow offshore fields, and forced several companies to declare force majeure on oil shipments. In many cases, James Bay has little or no control over these infrastructure assets. Any damage or disruption to their use could have a material adverse effect on the operating results, financial condition or prospects of James Bay.

The Nigerian Government has significant influence over, and dependency upon, Nigeria's oil and gas industry

The federal government's ownership of Nigeria's mineral wealth is reinforced by an array of laws and regulations, including the Petroleum Act, which gives the Ministry of Petroleum Resources the authority to issue Licenses and approve to a great extent the ownership, operatorship and holding of interests of Licenses. In addition, the Nigerian National Petroleum Corporation is a government-controlled corporation that directly participates in joint ventures in the exploration and production of hydrocarbon reserves and, itself, facilitates participation in the industry. As a consequence, the Nigerian Government plays a key role in determining the extent to which a given competitor, including James Bay, participates in the Nigerian crude oil and natural gas industry. There can be no assurance that James Bay will benefit from the support of the Nigerian Government, which could adversely affect the operating results, financial condition or prospects of James Bay.

Nigeria's infrastructure is in a poor state of development and/or deterioration and there are numerous interruptions to power and communication systems

The state of Nigerian infrastructure falls considerably below the standard of more developed countries. For example, Nigerian roads are in a poor state of repair. Furthermore, the Nigerian power sector has numerous problems, such as limited access to infrastructure, low connection rates, inadequate power generation capacity, lack of capital for investment, insufficient transmission and distribution facilities, high technical losses and vandalism. This lack of infrastructure could have a material adverse effect on the operating results, financial condition or prospects of James Bay.

The interpretation and application of laws and contracts is uncertain in Nigeria

Due to insufficient manpower and the significant volume of cases before the law courts, there could be significant delays in the administration of the judicial system. In addition, the Nigerian judicial system faces other challenges such as the promulgation of inconsistent laws, regulations and policies (including delays in judicial interpretations thereof), the inability to effectively enforce judgments, a higher level of discretion on the part of governmental authorities and therefore less certainty, and other such problems. There can also be inconsistency in the administration and interpretation of contracts, joint ventures, licenses, license applications and other legal arrangements.

Therefore, there can be no assurance that contracts, joint ventures, licenses, license applications or other legal arrangements will not be adversely affected by the actions of government authorities and the effectiveness of and enforcement of such arrangements. Errors may be due to incompetence, differences of opinion on interpretive matters or wilful actions aimed at bolstering government revenues from oil production. James Bay can provide no assurance that it will not be the subject of such actions or measures, which could negatively impact the operating results, financial condition or prospects of James Bay.

Nigeria is a jurisdiction with inherent risks of administrative errors, fraud, bribery and corruption

Nigeria is a developing economy with a vast hydrocarbon resource that is managed by a range of parastatal and governmental agencies. The potential for error in the administration of laws, regulations and policies is substantial and errors often do occur. As well, Nigeria is also not immune from government and business corruption and other criminal activity, which is very high on a comparative global basis. The Nigerian Government has indicated that it takes such activity seriously and has been conducting an ongoing corruption investigation into the oil industry in Nigeria.

In addition to other applicable anti-corruption legislation, James Bay is subject to the *Corruption of Foreign Public Officials Act* (Canada), which has recently been amended so as to pass legislation aimed at phasing out %facilitation payments+ (i.e., a payment made to a government official to perform an existing duty) and confer clear authority over Canadian companies that have engaged in bribery and other corrupt activities outside of Canada.

James Bay is not aware of any current investigations specific to its assets or any adverse findings against it, its directors, officers, or employees. Nevertheless, James Bay and its officers, directors and employees may in the future be the subject of press speculation, government investigations and other wrongful accusations of corrupt practices or illegal activities, including improper payments to individuals of influence. Findings against James Bay, its directors, officers, or employees, suppliers or customers in corruption or other illegal activity could result in criminal or civil penalties, including substantial monetary fines and penalties, against James Bay and its directors, officers or employees. In addition any investigation or press speculation with respect to illegal activity could significantly damage James Bay's reputation, ability to do business or raise financing or jeopardize its existing assets and its personnel, thereby materially adversely affecting its operating results, financial condition or prospects.

James Bay's Code of Business Conduct and Ethics, Anti-Bribery & Corruption Policy, as well as its Gifts & Hospitality Policy mandate strict compliance with applicable laws and prohibit corrupt payments to government officials, businesses and business persons. There can be no assurance, however, that such internal policies and procedures have been or will be adhered to by its directors, officers or employees, nor that its suppliers or customers will not be in breach of such policies.

The Niger Delta can experience severe flooding

Flooding is a particular problem in the Niger Delta, which experienced one of the worst floods on record in 2012. As a result, substantial damage was inflicted upon roads, bridges, pipelines and communities areas. Oil theft and other losses may increase during these periods, as local populations resort to alternative means to support their families. In turn, sabotage during periods of flooding may bring increased environmental damage, along with pollution settlements. Any of the foregoing could have a material adverse effect on the operating results, financial condition or prospects of James Bay.

Other Risks

Limited Operating History

The Company has no history of earnings. The Company's continued operation will be dependent upon its ability to generate operating revenues and to procure additional financing.

Litigation Risk

All industries, including the oil and gas industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which James Bay may become subject could have a material effect on the Company's financial position, results of operations and the Company's oil and gas operations and project development plans.

Currently, James Bay and its subsidiaries are parties to legal proceedings described below under heading 19.1 . *Legal Proceedings*. There are no assurances that James Bay or its subsidiaries will be successful in any of the legal proceedings in which they are involved. Failure to be successful in any of these legal proceedings could have a material adverse effect on James Bay's business and continued operations.

Additional Financing

The Company's continued operation will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained on acceptable terms to the Company, if at all. Failure to obtain additional financing on a timely basis may result in delay or indefinite postponement of further exploration and development or forfeiture of some rights in some or all of the Company's properties. If additional financing is raised by the issuance of Common Shares from treasury, control of the Company may change and Shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to further explore and develop its properties, take advantage

of other opportunities, or otherwise remain in business. Events in the equity market may impact the Company's ability to raise additional capital in the future.

Potential Conflicts of Interest

Some of the directors of the Company are also directors of other resource companies, which may from time to time be in competition with the Company for working interest partners, property acquisitions, or other limited resources. Where required by law, appropriate disclosure of such conflicts will be made by the applicable directors. In particular, the directors of the Company will follow the provisions of the OBCA. These provisions state that in the event that a director has an interest in a contract or proposed contract or agreement, such director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise permitted by the OBCA.

Exploration, Development and Production Risks

Oil and gas operations involve many risks that even a combination of experience and knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Company will depend on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves the Company may have at any particular time and the production there from will decline over time as such existing reserves are exploited. A future increase in the Company's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that the Company will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by the Company.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or in personal injury. In accordance with industry practice, the Company will not be fully insured against all of these risks, nor are all such risks insurable. Although the Company will maintain liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks could have a materially adverse effect on future results of operations, liquidity and financial condition.

Equipment and Supplies

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities. The Company will not be the operator of all of its oil and gas properties, and as a result the Company will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

Competition

The petroleum industry is competitive in all its phases. The Company will compete with numerous other participants in the search for the acquisition of oil and natural gas properties and in the marketing of oil and natural gas. Their competitors include oil and gas companies that have substantially greater financial resources, staff and facilities than those of the Company, as the case may be. The Company's ability to increase reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery.

Regulatory

Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government that may be amended from time to time. The Company's operations may require licenses from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary approvals, licenses and permits that may be required to carry out exploration and development at its projects. A

failure to obtain such approval on a timely basis or material conditions imposed by such authority in connection with the approval would materially affect the prospects of the Company.

The Company's OML 90 and OML 25 Project are located in Nigeria and will, therefore, be regulated by federal, state and local laws and regulations relating to the development, production, marketing and transmission of oil and gas resources, as well as environmental and safety matters. Operations may be affected in varying degrees by such factors as government regulations (or changes thereto) with respect to restrictions on production, export controls, income taxes, expropriation of property, environmental legislation, land use, water use, land claims or local people and foreign investment and ownership. The effect of these factors cannot be accurately predicted at this time.

The Company will require licences and permits in order to carry out its presently planned course of exploration, the Company has no assurance that it will receive any permits, including environmental and drilling permits, that may be required in the future to carry out further exploration, development and production activities on its properties, or obtain them in a timely manner. The failure to obtain such permits could adversely affect the Company's operations and consequently the value of the securities of the Company. The Company's exploration and development activities, require permits and approvals from various government authorities, and are subject extensive national, regional and local laws and regulations governing exploration, development, production, transportation, exports, taxes, labour standards, occupational health and safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more time consuming and costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. The Company will be required to obtain additional licences and permits from various governmental authorities to continue and expand its exploration and development activities. There can be no guarantee that the Company will be able to maintain or obtain all necessary licences, permits and approvals that may be required to explore and develop its properties, or commence construction or operation of oil and gas facilities.

Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in enforcement actions thereunder including the suspension and/or annulment of the Company's exploration or oil and gas permits, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, fines, penalties or other liabilities. The Company may be required to compensate those suffering loss or damage by reason of its operations and may become subject to civil liability or criminal liability of the management.

Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various

substances produced in association with oil and gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge. Although the Company believes that it will be in material compliance with current applicable environmental regulations no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Prices, Markets and Marketing

The marketability and price of oil and natural gas that may be acquired or discovered by the Company will be affected by numerous factors beyond its control. The Company may be affected by deliverability uncertainties related to the proximity of its future reserves to pipelines and processing facilities and related to operational problems with such pipelines and facilities and extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business. Both oil and natural gas prices are unstable and are subject to fluctuation. Any material decline in prices could result in a reduction of the Company's net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in a reduction in the volumes of the Company's future reserves. The Company might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Company's future net production revenue causing a reduction in its oil and gas acquisition, development and exploration activities. In addition, bank borrowings available to the Company are in part determined by the Company's borrowing base. A sustained material decline in prices from historical average prices could further reduce the Company's borrowing base, therefore reducing the bank credit available to the Company and could require that a portion of the Company's bank debt be repaid.

Substantial Capital Requirements

It is anticipated that the Company will make substantial capital expenditures for the acquisition, exploration, development and production of its oil and natural gas reserves in the future. If the Company's future revenues or reserves decline, it may have limited ability to expend the capital necessary to undertake or complete future exploration programs. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to

alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations or prospects.

Issuance of Debt

From time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed partially or wholly with debt, which may increase the Company's debt levels above industry standards. Depending on future exploration and development plans, the Company may require additional equity and/or debt financing that may not be available or, if available, may not be available on favorable terms. Neither the Company's articles nor its by-laws limit the amount of indebtedness that the Company may incur. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Hedging

From time to time, the Company may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, the Company will not benefit from such increases. Similarly, from time to time the Company may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar; however, if the Canadian dollar declines in value compared to the United States dollar, the Company will not benefit from the fluctuating exchange rate.

Oil & Gas Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of reserves and cash flows to be derived there from, including many factors that are beyond the control of the Company. Any resource, reserve or cash flow information set forth herein represent estimates only. These evaluations include a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of oil and natural gas, operating costs and royalties and other government levies that may be imposed over the producing life of the reserves. These assumptions were based on price forecasts in use at the date the relevant evaluations were prepared and many of these assumptions are subject to change and are beyond the control of the Company. Actual production and cash flows derived there from will vary from these evaluations, and such variations could be material. The foregoing evaluations are based in part on the assumed success of activities the Company intends to undertake in future years. The resources, reserves and estimated cash flows to be derived there from contained in such evaluations will be reduced to the extent.

Oil & Gas Reserves Replacement

The Company's future oil and natural gas reserves, production, and cash flows to be derived there from are highly dependent on the Company successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves the Company may have at any particular time and the production there from will decline over time as such existing reserves are exploited. A future increase in the Company's reserves will depend not only on the Company's ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that the Company's future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas.

Title to Assets

Although title reviews will generally be conducted prior to the purchase of most oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the Company's claim which could result in a reduction of the revenue received by the Company.

Insurance

The Company's involvement in the exploration for and development of oil and gas properties may result in the Company becoming subject to liability for pollution, blow outs, property damage, personal injury or other hazards. Although prior to drilling the Company will obtain insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not in all circumstances be insurable or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Company's financial position, results of operations or prospects.

Dilution

The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Company which may be dilutive.

Reliance on Key Personnel

The Company's success will depend in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse effect on the Company. The Company does not anticipate having key person insurance in effect for

management. The contributions of these individuals to the immediate operations of the Company are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company.

Delays in Business Operations

In addition to the usual delays in payments by purchasers of oil and natural gas to the Company or to the operator, and the delays by operators in remitting payment to the Company, payments between these parties may be delayed due to restrictions imposed by lenders, accounting delays, delays in the sale or delivery of products, delays in the connections of wells to a gathering system, adjustment for prior periods, or recovery by the operator of expenses incurred in the operation of the properties. Any of these delays could reduce the amount of cash flow available for the business of the Company in a given period and expose the Company to additional third party credit risks.

Alternatives to and Changing Demand for Petroleum Products

Full conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other liquid hydrocarbons. The Company can predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Assessments of Value of Acquisitions

Acquisitions of oil and gas issuers and oil and gas assets are typically based on engineering and economic assessments made by independent engineers and the Company's own assessments. These assessments both will include a series of assumptions regarding such factors and recoverability and marketability of oil and gas, future prices of oil and gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the Company's control. In particular, the prices of and markets for oil and natural gas products may change from those anticipated at the time of making such assessment. In addition, all such assessments involve a measure of geologic and engineering uncertainty which could result in lower production and reserves than anticipated. Initial assessments of acquisitions may be based on reports by a firm of independent engineers that are not the same as the firm the Company uses for its year end reserve evaluations. Because each of these firms may have different evaluation methods and approaches, these initial assessments may differ significantly from the assessments of the firm used by the

Company. Any such instance may offset the return on and value of the Company Common Shares.

Income Taxes

The Company will file all required income tax returns and believes that it will be in full compliance with the provisions of the Income Tax Act (Canada) and all applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Company whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Third Party Credit Risk

The Company is or may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to the Company, such failures could have a material adverse effect on the Company and its cash flow from operations.

17.2 Additional Security holder Risk

There is no risk that security holders of the Company may become liable to make an additional contribution beyond the price of the security.

17.3 Other Risks

Subject to the risk factors set out under Part 17.1 above, there are no other material risk factors that a reasonable investor would consider relevant to an investment in the Company's shares.

18. Promoters

18.1 Promoters

The Company has not engaged any Promoters.

19. Legal Proceedings

19.1 Legal Proceedings

The Company is party to legal proceedings in the ordinary course of its operations related to legally binding agreements with a third party. As at December 31, 2017, one such proceeding was ongoing. The Company believes this claim to be without merit. Management does not expect the outcome of this proceeding to have a materially adverse effect on the results of the Company's financial position or results of operations and therefore this amount has not been

reflected in these financial statements. Should any losses result from the resolution of this dispute, that amount will be charged to operations in the year that it is determined.

OML 25

In June 2014, Crestar Integrated Natural Resources Limited (CINRL) (see Note 13) was selected as the winning bidder for a 45% participating interest in active Oil Mining Lease No. 25 (OML 25) in the Niger Delta region, offered by joint venture partners: The Shell Petroleum Development Company of Nigeria Limited, Total E&P Nigeria Limited, and Nigerian AGIP Oil Company Limited (collectively the Shell JV). CINRL obtained terms for a loan from a prospective future investor, for the full purchase price of OML 25.

The Nigerian National Petroleum Corporation (NNPC) attempted to block the sale and acquire the interest for itself. CINRL commenced injunction proceedings in January 2015 in the Nigerian Federal High Court to bar the Shell JV from effecting a transfer to NNPC or anyone else, which injunctions were granted on a preliminary basis. The Shell JV subsequently sought to discharge the injunctions, but the Federal High Court dismissed the Shell JV's application on March 6, 2015.

Certain events during 2015 led to the renewal of negotiations among CINRL and Shell JV who along with the NNPC currently control OML 25. Pursuant to an agreement reached between CINRL and Seplat Petroleum Development Company PLC (Seplat), the sum of US\$408 million which was previously advanced by Newton Energy Limited (Newton) was placed in an escrow account in respect of the purchase price payable for OML 25. Given the material delays with the acquisition and the NNPC's blockage of the closing of the initial purchase agreement for OML 25, it was determined that the funds should be released from escrow. Notwithstanding this release from escrow, the initial US\$45,320,000 deposit remains with the Shell JV while the Company and Seplat worked to complete the acquisition of OML 25.

In connection with this renewed process, Seplat agreed to fund a portion of consortium costs previously incurred by CINRL in an amount equal to US\$11 million. The sum of US\$29 million was placed into a new escrow account by Seplat pending agreement of final terms of the acquisition transaction.

CINRL received a repayment from Seplat in the amount of \$4,459,000 (US\$3,500,000) in July 2015 and a further, \$9,687,750 (US\$7,500,000) in June 2016, which amounts were in each case transferred to the Company as repayment of amounts previously advanced to CINRL.

On April 2, 2018, the Company announced that its settlement offer in the litigation between CINRL and Newton has been accepted. The litigation relates to proceedings brought in January 2017 by CINRL in the English High Court over

the deposit of US\$20.5 million currently held in an escrow account, following a protracted dispute over the acquisition of OML 25 from Shell and its partners. Under the terms of the settlement offer, James Bay shall receive US\$10.5 million of the escrowed funds, plus interest at 8% from January 3, 2018, along with its legal costs in relation to the action.

On April 16, 2018, the Company received US\$10.5 million plus interest of US\$227,820 in connection with the litigation between CINRL and Newton.

19.2 Regulatory Actions

Not applicable.

20. Interest of Management and Others in Material Transactions

20.1 Interest of Management and Others in Material Transactions

Other than as disclosed herein, neither the Company nor any director or officer of the Company, nor any other informed person of the Company, nor any Associate or Affiliate of any of the foregoing has or has had, at any time since the beginning of the year ended December 31, 2017, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Company or any of its subsidiaries.

There is no known existing or potential conflict of interest among the Company's directors, officers, or other members of management in connection with the Third Agreement except as disclosed below. The Third Agreement will not constitute a Non-Arm's Length transaction.

Adeniyi Olaniyan, President and Chief Executive Officer of JBENL, has a direct interest in CHEPCL.

21. Auditors, Transfer Agents and Registrars

21.1 Auditors

UHY McGovern, Hurley LLP located at 251 Consumer Road, Suite 800, Toronto, ON M2J 4R3 are the current auditors of the Company and was first appointed auditors of the Company on January 17, 2008.

21.2 Transfer Agent and Registrar

The Company's registrar and transfer agent is TSX Trust Company at Suite 400, 200 University Avenue, Toronto, Ontario, M5H 4H1.

22. Material Contracts

22.1 Material Contracts

Other than contracts entered into in the ordinary course of its business, the Company and its subsidiaries have not entered into any material contracts during the past 24 months except:

1. The Debentures.
2. The Litigation Award Agreements.

22.2 Special Agreements

Not applicable.

23 Interest of Experts

23.1 to 23.4 Interests of Experts

No person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Listing Statement or as having prepared or certified a report or valuation described or included in this Listing Statement holds any beneficial interest, direct or indirect, in any securities or property of the Company or of an Associate or Affiliate of the Company and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Company or of an Associate or Affiliate of the Company and no such person is a promoter of the Company or an Associate or Affiliate of the Company. UHY McGovern, Hurley, Cunningham LLP is independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

24. Other Material Facts

24.1 Management is not aware of any other business to come before the Meeting other than as set forth in the Notice of Meeting accompanying this Listing Statement. If any other business properly comes before the Meeting, it is the intention of the persons named in the Instrument of Proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

25. Financial Statements**25.1 Copies of Financial Statements**

The audited financial statements of the Company for the year ended December 31, 2017 and 2016 is included in Schedule 6B, including the respective auditor's reports required to be prepared and filed under applicable securities legislation for the audited statements.

25.2 Issuers Re-Qualifying for Listing

Not applicable.

Schedule "A"**CERTIFICATE OF THE ISSUER**

Pursuant to a resolution duly passed by its Board of Directors, James Bay Resources Limited, hereby applies for the listing of the above mentioned securities on CSE. The foregoing contains full, true and plain disclosure of all material information relating to James Bay Resources Limited. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario, Canada

this 27th day of April 2018.

"Stephen Shefsky"

President and Chief Executive Officer

"Eric Szustak"

Chief Financial Officer

"Mark Brennan"

Director

"Wayne Egan"

Director

Schedule “B” Statement of Executive Compensation

The Company's Statement of Executive Compensation, in accordance with the requirements of Form 51-102F6V . *Statement of Executive Compensation*, is set forth below, which contains information about the compensation paid to, or earned by, the Company's Chief Executive Officer and Chief Financial Officer and the most highly compensated executive officer of the Company (other than the Chief Executive Officer and Chief Financial Officer) earning more than CDN\$150,000.00 in total compensation as at December 31 2017 (the **%Named Executive Officers+** or **%NEOs+**) during the Company's last two most recently completed financial years. Based on the foregoing, Stephen Shefsky, President, Secretary, Chief Executive Officer and a director of the Company, Eric Szustak, the Chief Financial Officer of the Company and Adeniyi Olaniyan, President and Chief Executive officer of JBENL, a wholly-owned subsidiary of the Company, are the Company's only Named Executive Officers as at December 31, 2017.

Compensation Discussion and Analysis

Objectives of the Compensation Program

The objectives of the Company's compensation program are to attract, hold and inspire performance of members of senior management of a quality and nature that will enhance the sustainable profitability and growth of the Company.

Overview of the Compensation Philosophy

The following principles guide the Company's overall compensation philosophy:

- (a) compensation is determined on an individual basis by the need to attract and retain talented, high-achievers;
- (b) an appropriate portion of total compensation is variable and linked to achievements, both individual and corporate;
- (c) internal equity is maintained such that individuals in similar jobs and locations are treated fairly; and
- (d) the Company supports reasonable expenses in order that employees continuously maintain and enhance their skills.

The compensation committee of the Company (the **%Compensation Committee+**) is given discretion to determine and adjust, year to year; the relative weighting of each form of compensation discussed above in a manner which best measures the success of the Company and its NEOs.

The Compensation Review Process

Role of the Compensation Committee

The Compensation Committee is comprised of Mark Brennan and Wayne Egan. The Compensation Committee makes determinations and recommendations to the Board of Directors concerning the cash and incentive compensation of the NEOs. The primary function of the Compensation Committee is to ensure that the compensation provided to the NEOs are determined with regard to the business strategies and objectives of the Company and strives to ensure that the NEOs are paid fairly and commensurate with their contributions to furthering the strategic direction and objectives of the Company. The Compensation Committee also strives to ensure that the NEOs are compensated at a level and in a manner that will motivate and retain talented individuals. Further information regarding the composition of the Compensation Committee is set out below under the section entitled *%Corporate Governance Disclosure – Compensation Committee+*.

The Chief Executive Officer provides recommendations to the Compensation Committee with respect to salary, annual incentives and option grants of the NEOs. The Compensation Committee reviews the Chief Executive Officer's recommendations and recommends to the Board of Directors the compensation of the NEOs, as required, on an annual basis. Compensation of NEOs are based primarily on corporate performance which includes achievement of the Company's strategic objective of growth and the enhancement of shareholder value through increases in the stock price resulting from increases in reserves and production, continued low cost production and enhanced annual cash flow.

Elements of Executive Compensation

The Company's executive compensation program is based on the objectives of (a) recruiting and retaining the executives critical to the success of the Company, (b) providing fair and competitive compensation, (c) balancing the interests of management and shareholders of the Company, and (d) rewarding performance, on the basis of both individual and corporate performance.

For the financial year ended December 31, 2017, the Company's executive compensation program consisted of the following elements:

- (a) a base salary and incentive cash bonuses (together, a “**Short-Term Incentive**”); and
- (b) a long-term equity compensation consisting of stock options granted under the Company's stock incentive plan (each, a “**Long-Term Incentive**”).

The specific rationale and design of each of these elements are outlined in detail below.

Element of Compensation	Summary and Purpose of Element
<u>Short-Term Incentive Plan</u>	
Base Salary	The Compensation Committee reviews NEO salaries prior to when the applicable current employment contract setting out the base salary for that particular NEO is set to expire. Salaries form an essential element of the Company's compensation mix as they are the first base measure to compare and remain competitive relative to peer groups. Base salaries are fixed for the term of the employment contract and therefore not subject to uncertainty and are used as the base to determine other elements of compensation and benefits.
Annual Performance-Based Cash Incentives	Any bonus paid to a NEO is entirely within the discretion of the Board of Directors, following recommendations by the Chief Executive Officer and consideration by the Compensation Committee. In making bonus determinations, the Compensation Committee reviews corporate and individual performance and makes recommendations to the Board of Directors. Annual performance-based cash bonuses are a variable component of compensation designed to reward the Company's executive officers for maximizing annual operating performance.
<u>Long-Term Incentive Plan</u>	
Stock Options	The granting of stock options is a variable component of compensation intended to reward the Company's NEOs for its success in achieving sustained, long-term profitability and increases in stock value.

Base Salary

In determining the base salary of an NEO, the Board of Directors considers the recommendations made by the Compensation Committee. In determining the base salary to be paid to a particular NEO, the Board of Directors also considers the particular responsibilities related to the position, the experience level of the NEO, and his or her past performance at the Company. The Board of Directors may take into account executive compensation paid by companies comparable with the Company, although no specific benchmarking policy is in place for determining compensation or any element of compensation.

Annual Performance-Based Cash Incentives

NEOs are eligible for annual cash bonuses, after taking into account and giving varying degrees of weight, depending on the relevance of these factors to the particular NEO, to indicators such as: relative stock performance, relative change in cash flow per share, performance against budget, expense control, the NEO's performance and other exceptional or unexpected factors. No specific weightings are assigned to each factor, but rather, a subjective determination is made based on a general assessment of performance of the individual relative to such factors.

Stock Options

The granting of options to purchase common shares of the Company are designed to encourage the NEOs to own an interest in the Company and therefore tie their long-term interests to those of the shareholders of the Company. In determining its recommendations on individual grants of options, the Compensation Committee considers factors such as: the performance and contributions to the success of the Company, the relative position of the individual, the years of service of the individual and past grants of options. When making recommendations to the Board of Directors on options, consideration is also given to the submissions of the Chief Executive Officer. No specific weightings are assigned to each factor, but rather, a subjective determination is made based on a general assessment of performance of the individual relative to such factors. See the section below entitled *Securities Authorized for Issuance under Equity Compensation Plans* for a description of the Company's stock option plan.

Other Long-Term Incentive Plans

Other than the Stock Option Plan, the Company does not have any other long-term incentive plans, including any supplemental executive retirement plans.

Overview of How the Compensation Program Fits with Compensation Goals

1. Attract, Hold and Inspire Key Talent

The compensation package meets the goal of attracting, holding and motivating key talent in a highly competitive mineral exploration environment through the following elements:

- (a) A competitive cash compensation program, consisting of base salary and bonus opportunity; and
- (b) Providing an opportunity to participate in the Company's growth through options.

2. Alignment of Interest of Management with Interest of the Company's Shareholders

The compensation package meets the goal of aligning the interest of management with the interest of the Company's shareholders through the following elements:

- (a) Through the grant of stock options, if the price of the Company shares increases over time, both executives and shareholders will benefit; and
- (b) By providing a vesting period on stock awards, management has an interest in increasing the price of the Company's shares over time, rather than focusing on short-term increases.

Compensation Risk

The Company has not adopted a formal policy on compensation risk management nor has it engaged an independent compensation consultant. The Company recognizes that there may be risks in its current processes but given the size and number of executives dedicated on a full-time basis, the Company does not believe the risks to be significant. The Company has the Compensation Committee, consisting of independent members of the Board of Directors, to assist the Board of Directors in discharging its duties relating to compensation of the Company's directors and senior officers. The Board of Directors believes that the executive compensation program of the Company should not raise its overall risk profile. Accordingly, the Company's executive compensation programs include safeguards designed to mitigate compensation risks. The following measures impose appropriate limits to avoid excessive or inappropriate risk taking or payments:

- discretionary bonus payments are recommended to the Board of Directors by the Compensation Committee based on annual performance reviews;
- stock option vesting and option terms of 5 years discourages excessive risk taking to achieve short-term goals; and
- implementation of trading black-outs limit the ability of senior officers to trade in securities of the Company.

Inappropriate and excessive risks by executives are also mitigated by regular meetings of the Board of Directors, at which activity by the executives must be approved by the Board of Directors if such activity is outside previously Board-approved actions and/or as set out in a board-approved budget. Due to the fact that the Company is still a development stage mining company, and given the current composition of the Company's executive management team, the Board of Directors and the Compensation Committee are able to closely monitor and consider any risks which may be associated with the Company's compensation practices. Risks, if any, may be identified and mitigated through regular board of directors meetings during which financial and other information of the Company are reviewed, including executive compensation.

Director and Named Executive Officer Compensation

The following table (presented in accordance with National Instrument Form 51-102F6V . *Statement of executive Compensation – Venture Issuers*) sets forth all annual and long term compensation for services paid to or earned by each NEO and director for the two most recently financial years ended December 31, 2017 and 2016. Unless otherwise noted, salaries for the Named Executive Officers are paid in Canadian dollars.

Table of Compensation excluding Compensation Securities

Name and position ⁽¹⁾	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Stephen Shefsky President and Chief Executive Officer and Director	2017	\$360,000	Nil	Nil	Nil	Nil	\$360,000
	2016 ⁽¹⁾	\$360,000	Nil	Nil	Nil	Nil	\$360,000
Eric Szustak Chief Financial Officer	2017	\$72,000	Nil	Nil	Nil	Nil	\$72,000
	2016	\$72,000	Nil	Nil	Nil	Nil	\$72,000
Adeniyi Olaniyan President and Chief Executive Officer of JBENL ⁽²⁾	2017	\$451,620	Nil	Nil	Nil	Nil	\$451,620
	2016 ⁽¹⁾	\$476,010	\$656,950	Nil	Nil	Nil	\$1,132,960
Mark Brennan Director	2017	\$20,000	Nil	Nil	Nil	Nil	\$20,000
	2016	\$20,000	Nil	Nil	Nil	Nil	\$20,000
Jon Pereira Director	2017	\$20,000	Nil	Nil	Nil	Nil	\$20,000
	2016	\$20,000	Nil	Nil	Nil	Nil	\$20,000
Wayne Egan Director	2017	\$20,000	Nil	Nil	Nil	Nil	\$20,000
	2016	\$20,000	Nil	Nil	Nil	Nil	\$20,000
Jean Gauthier Director	2017	\$20,000	Nil	Nil	Nil	Nil	\$20,000
	2016	\$20,000	Nil	Nil	Nil	Nil	\$20,000

Notes:

⁽¹⁾ Messrs. Shefsky and Olaniyan received compensation their respective total compensation in respect of their roles as Names Executed Officers and not in their capacities as directors of the Company.

⁽²⁾ JBENL is a wholly-owned subsidiary of the Company. Mr. Olaniyan was appointed Chief Executive Officer of JBENL for the Company in Nigeria. Fees related to services provided by Adeniyi Olaniyan were paid to First Tribute Inc. During fiscal 2017 Mr. Olaniyan was paid US\$360,000 (\$451,620) and US\$360,000 (\$457,920) in fiscal 2016.

Stock options and other compensation securities

The following table provides information regarding the incentive plan awards for each Named Executive Officer and director granted or issued in the year-ended December 31, 2017.

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class (#)	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Stephen Shefsky President, Secretary, Chief Executive Officer and Director	Stock Option	1,700,000	May 4, 2015	0.25	0.10	0.15	May 4, 2020
Eric Szustak Chief Financial Officer	Stock Option	100,000	May 4, 2015	0.25	0.10	0.15	May 4, 2020
Adeniyi Olaniyan President and Chief Executive Officer of JBENL ⁽¹⁾	Stock Option	1,000,000	May 4, 2015	0.25	0.10	0.15	May 4, 2020
Mark Brennan Director	Stock Option	500,000	May 4, 2015	0.25	0.10	0.15	May 4, 2020
Jon Pereira Director	Stock Option	500,000	May 4, 2015	0.25	0.10	0.15	May 4, 2020
Wayne Egan Director	Stock Option	250,000	May 4, 2015	0.25	0.10	0.15	May 4, 2020
Jean Gauthier Director	Stock Option	150,000	May 4, 2015	0.25	0.10	0.15	May 4, 2020

Note:

(1) JBENL is a wholly-owned subsidiary of the Company. Mr. Olaniyan was appointed Chief Executive Officer of JBENL for the Company in Nigeria.

No stock options or other compensation securities were exercised by any directors or Named Executive Officers during the year ended December 31, 2017.

Summary Compensation – Narrative Discussion

The compensation earned by each of the NEOs summarized above were in accordance with executive employment agreements with each of the named NEOs, as described below.

Stephen Shefsky

Pursuant to the terms of an agreement (the "**Shefsky Employment Agreement**") with Mr. Shefsky dated January 1, 2008, the Corporation retained Mr. Shefsky to serve as the Corporation's President and Chief Executive Officer. Mr. Shefsky is also the Secretary and a director of the Corporation. Until September, 2014, the Shefsky Employment Agreement provided for a monthly salary of \$15,000. Effective September 1, 2014, Mr. Shefsky's salary increased to \$30,000 per month. The Shefsky Employment Agreement provides for reimbursement to Mr. Shefsky for all reasonable out-of-pocket expenses incurred in connection with the performance of services under the agreement. Annual bonuses may also be declared at the sole option and discretion of the Board of Directors based on Mr. Shefsky's performance.

Mr. Shefsky is also eligible, subject to compliance with all securities and regulatory laws, rules and policies, and the discretion of the Board of Directors, to participate in any stock option plan offered by the Company to its executives and senior employees generally.

The initial term of the Shefsky Employment Agreement ended on January 1, 2010, and is automatically extended for additional consecutive one (1) year periods unless by agreement of the parties. The term was extended until January 1, 2011, then January 1, 2012, then January 1, 2013, then January 1, 2014, then January 1, 2015, then January 1, 2016, then January 1, 2017 and has been most recently extended for a further one (1) year term, until January 1, 2018, on the same terms and conditions as the original agreement. It is anticipated that the Company will negotiate and enter into a new agreement with Mr. Shefsky in the near future.

Eric Szustak

Pursuant to the terms of an agreement (the "**Szustak Employment Agreement**") with Mr. Szustak dated April 1, 2008, the Company retained Mr. Szustak to serve as the Company's Chief Financial Officer. The Szustak Employment Agreement provides for a monthly salary of \$5,000 from April 2008 to March 2009, a monthly salary of \$6,000 from April 2009 to March 2010 and a monthly salary of \$6,000 from April 2010 to March 2011, plus reimbursement for all reasonable out-of-pocket expenses incurred in connection with the performance of services under the agreement. Annual bonuses may also be declared at the sole option and discretion of the Board of Directors based on Mr. Szustak's performance.

Mr. Szustak is also eligible, subject to compliance with all securities and regulatory laws, rules and policies, and the discretion of the Board of Directors, to participate in

any stock option plan offered by the Company to its executives and senior employees generally.

The initial term of the Szustak Employment Agreement ended on April 1, 2010, and is automatically extended for additional consecutive one (1) year periods unless by agreement of the parties. The term was extended until April 1, 2011, then April 1, 2012, then April 1, 2013, then April 1, 2014, then April 1, 2015, then April 1, 2016, then April 1, 2017 and has been most recently extended for a further one (1) year term, until April 1, 2018, on the same terms and conditions as the original agreement.

Adeniyi Olaniyan

Pursuant to the terms of an agreement (the "**Olaniyan Employment Agreement**") with Mr. Olaniyan dated June 1, 2012, the Company retained Mr. Olaniyan to serve as the JBENL's Chief Operating Officer and the Company's Country Manager in Nigeria. Mr. Olaniyan was appointed as the President & CEO of JBEML on December 4, 2014. The Olaniyan Employment Agreement provides for a monthly salary of US\$30,000 for the term of the agreement, which runs until June 1, 2014, plus reimbursement for all reasonable out-of-pocket expenses incurred in connection with the performance of services under the agreement. Annual bonuses of up to one time the annual base salary may also be declared at the sole option and discretion of the Board of Directors based on Mr. Olaniyan performance. Although the Olaniyan Employment Agreement has expired, Mr. Olaniyan is currently providing services to the Company on the same terms as in the Olaniyan Employment Agreement. It is anticipated that the Company will negotiate and enter into a new agreement with Mr. Olaniyan in the near future.

Mr. Olaniyan is also eligible, subject to compliance with all securities and regulatory laws, rules and policies, and the discretion of the Board of Directors, to participate in any stock option plan offered by the Company to its executives and senior employees generally.

Termination and Change of Control Benefits

The termination and change of control benefits set forth in the executive employment agreements entered into between the Company and each of its Named Executive Officers are described below.

The term "**change of control**", as used in the below descriptions of the Shesky Employment Agreement and the Szustak Employment Agreement, shall mean the occurrence of any one of: (I) either: (a) an issuance, acquisition or continuing ownership of the voting shares of the Company as a result of which a person or group of persons (other than the executive in question (the "**Executive**") and any person related to the Executive) acting jointly or in concert (as defined in the *Securities Act* (Ontario) or persons associated or affiliated within the meaning of the *Business Corporations Act* (Ontario) with any such person or group of persons (other than the Executive and any person related to the Executive) acting jointly or in concert (as defined in the *Securities Act* (Ontario)), beneficially own voting shares of the Company that would entitle the holders thereof to cast more than 20% of the votes attaching to all shares in the capital

of the Company that may be cast to elect directors of the Company; or (b) the exercise of the voting power of all or any of such voting shares (other than those owned or controlled by the Executive and any person related to the Executive) so as to cause or result in the election of less than a majority of the nominees of the management of the Company to the Board of Directors of the Company at any shareholders meeting at which an election of directors takes place after the occurrence of the event contemplated in paragraph I(a) above; or (II) the sale, lease or transfer of at least 50% of the Company's assets to any other person or persons; (III) the entering into of a merger, amalgamation, arrangement or other reorganization by the Company with another unrelated corporation resulting in person or group of persons (other than the Executive and any person related to the Executive) acting jointly or in concert (as defined in the *Securities Act* (Ontario)) or persons associated or affiliated within the meaning of the *Business Corporations Act* (Ontario) with any such person or group of persons (other than the Executive and any person related to the Executive) acting jointly or in concert (as defined in the *Securities Act* (Ontario)), beneficially own voting shares of the Company that would entitle the holders thereof to cast more than 20% of the votes attaching to all shares in the capital of the Company that may be cast to elect directors of the Company; (IV) the entering into and completion of any stage of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in paragraphs (I), (II), or (III) above; or (V) a determination by the Board of Directors of the Company that there has been a change, or that upon the happening of certain events there will be a change (followed by the occurrence of such events) whether by way of a change in the holding of common shares of the Company, in the ownership of the Company's assets, the composition of the Board of Directors of the Company, or by any other means, as a result of which any person, or any group or persons acting jointly or in concert, is in a position to exercise effective control over the Company.

The terms **change of control**, as used in the below description of the Olaniyan Employment Agreement, shall mean the occurrence of any one of: (I) the sale, lease or transfer of at least 50% of the Company's assets to any other person or persons; (II) the entering into of a merger, amalgamation, arrangement or other reorganization by the Company with another unrelated Company resulting in person or group of persons (other than the Consultant, the Executive and any person related to the Consultant or the Executive) acting jointly or in concert (as defined in the *Securities Act* (Ontario)) or persons associated or affiliated within the meaning of the *Business Companies Act* (Ontario) with any such person or group of persons (other than the Consultant, the Executive and any person related to the Consultant or the Executive) acting jointly or in concert (as defined in the *Securities Act* (Ontario)), beneficially own voting shares of the Company that would entitle the holders thereof to cast more than 50% of the votes attaching to all shares in the capital of the Company that may be cast to elect directors of the Company; (III) the entering into and completion of any stage of a series of transaction which would have the same or similar effect as any transaction or series of transactions referred to in paragraphs (I) or (II) above; or (IV) a determination by the Board of Directors of the Company that there has been a change, or that upon the happening of certain events there will be a change (followed by the occurrence of such events) whether by way of a change in the holding of common shares of the Company,

in the ownership of the Company's assets, the composition of the Board of Directors of the Company, or by any other means, as a result of which any person, or any group or persons acting jointly or in concert, is in a position to exercise effective control over the Company.

Stephen Shefsky

The termination and change of control benefits set forth in the Shefsky Employment Agreement, disclosed above in the section "*Summary Compensation – Narrative Discussion*", are described below.

Any of the amounts or benefits payable by the Company to Mr. Shefsky as set forth below shall not be reduced in any respect in the event that Mr. Shefsky shall secure or shall not reasonably pursue alternative employment following termination or deemed termination.

Termination for Cause, At Will and by Voluntary Resignation

The Company may terminate the Shefsky Employment Agreement without cause and at will with prior written notice to Mr. Shefsky. If terminated without cause, the Company will provide, *in lieu* of common law and statutory rights to notice of termination, severance pay, termination pay and benefits and any other damages or compensation as he would have otherwise been entitled to upon termination of his employment without cause including, without limitation, all rights of Mr. Shefsky under the *Employment Standards Act* (Ontario) and any successor legislation thereto, to the extent earned, all amounts due and owing up to the effective date of termination and, if terminated during the first year of the Shefsky Employment Agreement, severance compensation equal to 12 months of the applicable base salary effective immediately prior to such termination and, if terminated after the first year of the Shefsky Employment Agreement, severance compensation equal to 24 months of the applicable base salary effective immediately prior to such termination.

The Company may terminate the Shefsky Employment Agreement for cause, where upon such termination, there shall be no amounts owing to Mr. Shefsky, other than amounts payable to the effective date of termination and amounts payable pursuant to statutory obligations.

Mr. Shefsky is entitled to terminate his employment with the Company, at will, by giving three (3) months' prior written notice to the Company, and upon the effective date of such termination, the Company shall pay to Mr. Shefsky, to the extent earned, all amounts due and owing up to the effective date of termination.

Effect of Termination on Stock Options

In the event that Mr. Shefsky is terminated with cause or voluntarily resigns from his employment with the Company, all stock options of the Company held by Mr. Shefsky that have not vested as of the date of such termination shall be deemed to be terminated and of no further force or legal effect. All stock options of the Company held by Mr. Shefsky that have vested as of the date of such termination shall remain

exercisable subject to the terms of the Stock Option Plan and/or agreement pursuant to which said stock options were originally granted.

In the event that Mr. Shefsky is terminated by the Company at will or in connection with a change of control of the Company or as a result of Mr. Shefsky's death, all unvested stock options of the Company held by Mr. Shefsky shall be deemed to have vested as of the effective date of such event to allow Mr. Shefsky or his personal representatives, as the case may be, to exercise the stock options that Mr. Shefsky would have been entitled to exercise had his employment continued for a period until the expiry date of such stock options.

In the event that any of the terms of such options are not ascertainable or in the event that applicable securities legislation precludes the acceleration of the vesting dates in the manner described above, the Company shall compensate Mr. Shefsky by way of a cash payment of that amount of money which Mr. Shefsky would have been entitled to if he had exercised any such options on the effective date of termination or deemed termination at the applicable exercise price and subsequently sold the securities on the exchange or market.

Termination in the Event of a Change of Control

In the event of a change of control of the Company, Mr. Shefsky may, for a period of one (1) year after the effective date of any such change of control, elect to terminate his employment with the Company by voluntary resignation and the Company shall pay to Mr. Shefsky, to the extent earned, all amounts due and owing up to the effective date of termination, and a settlement amount equal to 24 months' of base salary at the rate applicable immediately prior to the effective date of termination by voluntary resignation (the **Shefsky Resignation Amount**).

In the event of a change of control of the Company and if the Company, within two (2) years of the effective date of such change of control, terminates Mr. Shefsky without cause, the Company shall pay to Mr. Shefsky the Shefsky Resignation Amount.

In the event of a change of control of the Company, and if Mr. Shefsky is no longer employed by the Company, Mr. Shefsky has the right to demand the Company pay an amount equal to the in-the-money value of all options he holds as at the day he is no longer employed by the Company.

Eric Szustak

The termination and change of control benefits set forth in the Szustak Employment Agreement, disclosed above in the section "*Summary Compensation – Narrative Discussion*", are described below.

Any of the amounts or benefits payable by the Company to Mr. Szustak as set forth below shall not be reduced in any respect in the event that Mr. Szustak shall secure or shall not reasonably pursue alternative employment following termination or deemed termination.

Termination for Cause, At Will and by Voluntary Resignation

The Company may terminate the Szustak Employment Agreement without cause and at will with prior written notice to Mr. Szustak. If terminated without cause, the Company will provide, *in lieu* of common law and statutory rights to notice of termination, severance pay, termination pay and benefits and any other damages or compensation as he would have otherwise been entitled to upon termination of his employment without cause including, without limitation, all rights of Mr. Szustak under the *Employment Standards Act* (Ontario) and any successor legislation thereto, to the extent earned, all amounts due and owing up to the effective date of termination and severance compensation equal to 24 months of the applicable base salary effective immediately prior to such termination.

The Company may terminate the Szustak Employment Agreement for cause, where upon such termination, there shall be no amounts owing to Mr. Szustak, other than amounts payable to the effective date of termination and amounts payable pursuant to statutory obligations.

Mr. Szustak is entitled to terminate his employment with the Company, at will, by giving three (3) months' prior written notice to the Company, and upon the effective date of such termination, the Company shall pay to Mr. Szustak, to the extent earned, all amounts due and owing up to the effective date of termination.

Effect of Termination on Stock Options

In the event that Mr. Szustak is terminated with cause or voluntarily resigns from his employment with the Company, all stock options of the Company held by Mr. Szustak that have not vested as of the date of such termination shall be deemed to be terminated and of no further force or legal effect. All stock options of the Company held by Mr. Szustak that have vested as of the date of such termination shall remain exercisable subject to the terms of the Stock Option Plan and/or agreement pursuant to which said stock options were originally granted.

In the event that Mr. Szustak is terminated at will or in connection with a change of control of the Company or as a result of Mr. Szustak's death, all unvested stock options of the Company held by Mr. Szustak shall be deemed to have vested as of the effective date of such event to allow Mr. Szustak or his personal representatives, as the case may be, to exercise the stock options that Mr. Szustak would have been entitled to exercise had his employment continued for a period until the expiry date of such stock options.

In the event that any of the terms of such options are not ascertainable or in the event that applicable securities legislation precludes the acceleration of the vesting dates in the manner described above, the Company shall compensate Mr. Szustak by way of a cash payment of that amount of money which Mr. Szustak would have been entitled to if he had exercised any such options on the effective date of termination or deemed termination at the applicable exercise price and subsequently sold the securities on the exchange or market.

Termination in the Event of a Change of Control

In the event of a change of control of the Company, Mr. Szustak may, for a period of one (1) year after the effective date of any such change of control, elect to terminate his employment with the Company by voluntary resignation and the Company shall pay to Mr. Szustak, to the extent earned, all amounts due and owing up to the effective date of termination, and a settlement amount equal to 24 months' of base salary at the rate applicable immediately prior to the effective date of termination by voluntary resignation (the **%Szustak Resignation Amount+**).

In the event of a change of control of the Company and if the Company, within two (2) years of the effective date of such change of control, terminates Mr. Szustak without cause, the Company shall pay to Mr. Szustak the Szustak Resignation Amount.

In the event of a change of control of the Company, and if Mr. Szustak is no longer employed by the Company, Mr. Szustak has the right to demand the Company pay an amount equal to the in-the-money value of all options he holds as at the day he is no longer employed by the Company.

Adeniyi Olaniyan

The termination and change of control benefits set forth in the Olaniyan Employment Agreement, disclosed above in the section "*Summary Compensation – Narrative Discussion*", are described below.

Any of the amounts or benefits payable by the Company to Mr. Olaniyan as set forth below shall not be reduced in any respect in the event that Mr. Olaniyan shall secure or shall not reasonably pursue alternative employment following termination or deemed termination.

Termination for Cause, At Will and by Voluntary Resignation

The Company may terminate the Olaniyan Employment Agreement without cause and at will with prior written notice to Mr. Olaniyan. If terminated without cause, the Company will provide, *in lieu* of common law and statutory rights to notice of termination, severance pay, termination pay and benefits and any other damages or compensation as he would have otherwise been entitled to upon termination of his employment without cause including, without limitation, all amounts due and owing up to the effective date of termination and, if terminated prior to the completion of the term of the Olaniyan Employment Agreement, severance compensation equal to the amount of base salary from the date of termination until the end of the term of the Olaniyan Employment Agreement.

The Company may terminate the Olaniyan Employment Agreement for a material breach of the agreement or in the event the Company, JBENL or Mr. Olaniyan becomes insolvent or voluntarily or involuntarily bankrupt, or makes an assignment for the benefit of its or his creditors, where upon such termination, there shall be no amounts owing to Mr. Olaniyan, other than amounts payable to the effective date of termination and amounts payable pursuant to statutory obligations.

The Olaniyan Employment Agreement may be immediately terminated by mutual consent of the parties at any time during the term of the agreement, at which point Mr. Olaniyan the Company shall pay to Mr. Olaniyan, to the extent earned, all amounts due and owing up to the effective date of termination.

Effect of Termination on Stock Options

In the event that Mr. Olaniyan is terminated with cause or voluntarily resigns from his employment with the Company, all stock options of the Company held by Mr. Olaniyan that have not vested as of the date of such termination shall be deemed to be terminated and of no further force or legal effect. All stock options of the Company held by Mr. Olaniyan that have vested as of the date of such termination shall remain exercisable subject to the terms of the Stock Option Plan and/or agreement pursuant to which said stock options were originally granted.

In the event that Mr. Olaniyan is terminated at will or in connection with a change of control of the Company or as a result of Mr. Olaniyan death, all unvested stock options of the Company held by Mr. Olaniyan shall be deemed to have vested as of the effective date of such event to allow Mr. Olaniyan or his personal representatives, as the case may be, to exercise the stock options that Mr. Olaniyan would have been entitled to exercise had his employment continued for a period until the expiry date of such stock options.

In the event that any of the terms of such options are not ascertainable or in the event that applicable securities legislation precludes the acceleration of the vesting dates in the manner described above, the Company shall compensate Mr. Olaniyan by way of a cash payment of that amount of money which Mr. Olaniyan would have been entitled to if he had exercised any such options on the effective date of termination or deemed termination at the applicable exercise price and subsequently sold the securities on the exchange or market.

Termination in the Event of a Change of Control

In the event of a change of control of the Company, Mr. Olaniyan may, for a period of one (1) year after the effective date of any such change of control, elect to terminate his employment with the Company by voluntary resignation and the Company shall pay to Mr. Olaniyan, to the extent earned, all amounts due and owing up to the effective date of termination, and, if such termination occurs after 1 year from the original date of the Olaniyan Employment Agreement, a settlement amount equal to 12 months' of base salary at the rate applicable immediately prior to the effective date of termination by voluntary resignation, or, if such termination occurs after 2 years from the original date of the Olaniyan Employment Agreement, a settlement amount equal to 24 months' of base salary at the rate applicable immediately prior to the effective date of termination by voluntary resignation.

Estimated Incremental Payment on Change of Control or Termination

The following table provides details regarding the estimated incremental payments from the Company to Messrs. Shefsky, Szustak and Olaniyan upon a change of control or on termination without cause, assuming a triggering event occurred on December 31, 2017:

NEO and Event	Severance Period (# of months)	Base Salary (\$ per year)	Total Payment (\$)⁽¹⁾
Stephen Shefsky Change of Control	24	360,000	720,000
Stephen Shefsky Termination without Cause	24	360,000	720,000
Eric Szustak Change of Control	24	72,000	144,000
Eric Szustak Termination without Cause	24	72,000	144,000
Adeniyi Olaniyan Change of Control	24	451,620	903,240
Adeniyi Olaniyan Termination of Consulting Agreement	12	451,620	451,620

Note:

- (1) The agreements renew for successive one year terms unless notice by either party terminating the agreement is provided to the other in accordance with the applicable terms thereof. No termination payments (with respect to a change of control or otherwise) are payable in the event such notice of termination is provided by either the Company or the applicable individual.
- (2) Mr. Olaniyan's Consulting Agreement renews for a one (1) year term effective June 1, 2016, unless notice by either party terminating the agreement is provided to the other in accordance with the terms thereof.

Retirement Policy for Directors

The Company does not have a retirement policy for its directors.

Pension Plan Benefits

The Company does not currently provide pension plan benefits to its Named Executive Officers or directors.

Directors' and Officers' Liability Insurance

The Company currently maintains directors' and officers' liability insurance in the amount of \$5,000,000 in the annual aggregate for the term ending December 9, 2018. There is a retention of \$25,000 for each claim for loss which the Company may advance or indemnify the insured persons. The aggregate annual premium for the policy is \$11,750. All costs associated with the premiums are borne by the Company.

Schedule "C"
FINANCIAL STATEMENTS OF THE COMPANY

Schedule "D"
MD&A OF THE COMPANY

Appendix "A"

Statement of reserves data and other oil and gas information
FOM 51-101F1