

# James Bay Resources Limited Announces Offering of up to CDN\$3 Million of Convertible Debentures

TORONTO, ONTARIO -- (Marketwire – April 16, 2015)

**NOT FOR DISTRIBUTION TO U.S. NEWS WIRE SERVICES OR FOR DISSEMINATION IN THE U.S.**

**James Bay Resources Limited** (“**James Bay**” or the “**Company**”) (CSE:**JBR**) announced a non-brokered private placement (the “**Offering**”) of unsecured convertible debentures in the aggregate principal amount of up to CDN\$3 million (the “**Debentures**”). The Offering is expected to close over a series of tranches, with the final tranche to close on or before May 31, 2015. Net proceeds from the Offering will be used to fund the Company’s working capital needs, including in particular any litigation issues stemming from the Company’s enforcement of its right to acquire a 45% participating interest in OML 25 in Nigeria (the “**Litigation**”), as further disclosed in the Company’s news releases dated March 9, 2015 and January 26, 2015.

Each Debenture shall bear interest at a rate of 15%, payable semi-annually, and have a maturity date that is three years following the date the Debenture is issued (the “**Maturity Date**”). However, if the Litigation is settled or is subject to a final decision with funds received by the Company prior to the Maturity Date, the purchasers of Debentures (the “**Holder**s”) will have a right to demand payment in full of all amounts owing. In the event that the Company would be left with less than \$1 million dollars in free cash upon such a demand occurring, the amount payable to each Holder shall be reduced pro-rata to ensure that the Company retains \$1 million in free cash.

The Debentures shall be convertible, in whole or in part, at the option of the Holders, into common shares of the Company (each a “**Common Share**”) at a conversion price of C\$0.17 per Common Share (the “**Conversion Rate**”). Interest may also be converted into Common Shares at the market price at the date of any such conversion, at the option of the Holders. Any conversion of Debentures and interest accrued on the Debentures into Common Shares of the Company will be subject to receipt of all required approvals by the Company. The Debentures may be prepaid by the Company at any time, without penalty, on at least 15 days' notice to the Holders.

The Company will also concurrently sell and assign, pursuant to separate agreements with each Holder, a pro rata (based on all the Holders) entitlement for up to an aggregate of 30% of the net proceeds of the Litigation, if any (whether as a result of final judgement by a court of competent jurisdiction or settlement for which no appeal or further proceeding may be taken (the “**Final Award**”)), after deduction of all related costs and taxes incurred by the Company in the Litigation (the “**Net Final Amount**”), payable to the Holders within 60 days from the receipt of the Final Award, if any. 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 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%.

Mr. Stephen Shefsky, President, Chief Executive Officer and Chairman of the Company, will purchase an aggregate of approximately CDN\$1.15 million of Debentures in the first tranche of the Offering by way of the conversion into Debentures of an aggregate of approximately CDN\$1.15 million of advances (the “**Advances**”) which Mr. Shefsky has made to the company over the past year. The Advances, which were made to finance the working capital of the Company, are unsecured, bear interest at a rate of 6%, and are due on demand. In addition, Mr. Shefsky may also acquire up to an additional \$1 million in Debentures. Mr. Shefsky will also enter into a separate agreement of purchase and sale entitling him to a pro rata share of the Net Final Amount of any Litigation, as described above. The Offering was considered and approved by the board of directors of the Company, with Mr. Shefsky declaring a conflict and recusing himself from voting on the Offering. There was no materially contrary view or abstention by any director approving the Offering. Mr. Shefsky currently owns or controls, directly and indirectly, an aggregate of 5,347,667 Common Shares. Assuming the conversion into Common Shares of the full principal amount of the Debentures resulting from the conversion of the Advances which will be purchased by Mr. Shefsky in the Offering, Mr. Shefsky will beneficially own or control, directly and indirectly, an aggregate of 12,112,373 Common Shares, or 25.11% of the issued and outstanding Common Shares on a partially-diluted basis. Assuming conversion of the Debentures resulting from the conversion of the Advances as well as the purchase of an additional \$1 million in Debentures in the Offering, Mr. Shefsky will beneficially own or control, directly and indirectly, an aggregate of 17,994,726 Common Shares, or 33.25% of the issued and outstanding Common Shares on a partially-diluted basis. As a result of the anticipated conversion of the Advances into Debentures, the gross proceeds of the Offering will result in up to CND\$1.85 million of new cash to the Company.

Pursuant to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), conversion of the Advances and the issuance of Debentures to Mr. Shefsky will be a “related party transaction”. The Company will be exempt from the requirements to obtain a formal valuation or minority shareholder approval in connection with the Offering in reliance on sections 5.5(b) and 5.7(b), respectively, of MI 61-101, as the Company is not listed on a stock exchange specified in section 5.5(b) of MI 61-101 and the fair market value of the Debentures that may be purchased by Mr. Shefsky, nor the proceeds of the Offering to be received by the Company in respect of Mr. Shefsky’s participation in the Offering, exceeds CDN\$2.5 million. The material change report in respect of the Offering is being filed less than 21 days before the closing of the Offering as the Company requires the net proceeds from the Offering immediately in order to fund its working capital needs, including the Litigation.

The securities offered will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

## **About James Bay Resources Limited**

James Bay is a Canadian resource company with 41,474,070 shares outstanding and trades on the Canadian Securities Exchange under the symbol “JBR”. Please visit the James Bay website at [www.jamesbayresources.com](http://www.jamesbayresources.com).

### **Disclaimer**

*This news release includes certain statements that may be deemed “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the Corporation's operations, exploration and development plans, expansion plans, estimates, expectations, forecasts, objectives, predictions and projections of the future. Generally, these forward-looking statements can be identified by the forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “projects”, “intends”, “anticipates”, or “does not anticipate”, or “believes”, or “variations of such words and phrases or state that certain actions, events or results “may”, “can”, “could”, “would”, “might”, or “will” be taken”, “occur” or “be achieved”. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of James Bay Resources Limited to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the Company's proposed Offering and the change of business and the oil and gas industry in Nigeria generally, risks related to operations, construction delays and cost overruns, the actual results of exploration, development and construction activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future copper prices, as well as those factors discussed in the sections relating to risk factors of our business filed in James Bay Resources Limited's required securities filings on SEDAR. Although James Bay Resources Limited has attempted to identify important factors that could cause results to differ materially from those contained in forward-looking statements, there may be other factors that cause results to be materially different from those anticipated, described, estimated, assessed or intended.*

*There can be no assurance that any forward-looking statements will prove accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. James Bay Resources Limited does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.*

**For further information please contact:**

**Stephen Shefsky**

**President and CEO**

**Tel: 416-366-4200**

**[sshfsky@jamesbayresources.com](mailto:sshefsky@jamesbayresources.com)**

*The Canadian Securities Exchange does not accept responsibility for the adequacy or accuracy of this news release.*