

EMPLOYMENT AGREEMENT

THIS AGREEMENT made as of April 1, 2008 (the "**Effective Date**").

BETWEEN:

JAMES BAY RESOURCES LIMITED, a
corporation duly incorporated under the laws of the
Province of Ontario

(the "**Corporation**")

- AND -

ERIC SZUSTAK, a businessman residing in the
City of Oakville, Ontario, Canada

(the "**Executive**")

WHEREAS:

1. The Executive has been serving as a senior officer of the Corporation without a formal written employment agreement and the Corporation recognizes the valuable services that the Executive has provided and is continuing to provide to the Corporation in such executive capacities.
2. The Corporation further recognizes that the Executive has financial and management skills and has extensive familiarity with the Corporation and the Business of the Corporation (as defined in this Agreement), and more specifically to serve as the Corporation's Chief Financial Officer.
3. The Corporation now desires and proposes to enter into a formal executive employment agreement with the Executive to serve as a senior officer effective as of the Effective Date, subject to and in accordance with the terms and conditions set out herein.

IN CONSIDERATION of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Employment.**

The Corporation hereby employs the Executive as the Chief Financial Officer of the Corporation and the Executive hereby accepts such employment effective as of the Effective Date in accordance with and subject to the terms and conditions of this Agreement. Subject to the authority of the Board of Directors of the Corporation over the management and affairs of the Corporation, the Executive shall have the powers and will perform all duties incident to and commensurate with his position and advise and report to the President and Chief Executive Officer of the Corporation in connection therewith, those duties and obligations as Chief Financial Officer as may be set out in the by-laws of the Corporation, together with such other

duties and responsibilities as may reasonably be required or imposed from time to time by the Board of Directors of the Corporation.

2. **Compensation.**

- (a) **Base Salary.** For the services rendered by the Executive as herein required, the Corporation shall pay to the Executive, so long as the Executive is employed by the Corporation pursuant to the terms of this Agreement, a base annual salary (the "**Base Salary**") for the Initial Term, payable monthly not in advance, commencing on the Effective Date, of \$60,000 per annum for the first year of the Initial Term and \$72,000 per annum for the second year of the Initial Term.

Provided that the Base Salary in each year after the Initial Term shall be no less than the Base Salary provided for in the last year of the Initial Term, all future increases in Base Salary after the Initial Term, if any, including the payment of any bonus or other incentive or compensation arrangements, will be subject to review by and at the sole and unfettered discretion of the compensation committee of the Board of Directors of the Corporation (or, if there is no compensation committee, by the Board of Directors itself), on an annual basis, such increases, if any, to be effective as of the first day of the fiscal year in which the new salary is set after evaluating and taking in account, among other things, the Executive's and Corporation's performance in the immediately preceding fiscal years and such other criteria determined, set and established by the compensation committee or the Board of Directors, as the case may be, in its sole option and unfettered discretion.

- (b) **Expenses.** Upon presentation of receipts therefor, the Executive shall be reimbursed for all reasonable out-of-pocket expenses actually and properly incurred in connection with exercising his powers and performing his duties as a senior executive of the Corporation during the Term including, without limitation, business travel and entertainment expenses actually incurred in connection with fulfilling his duties under this Agreement. The foregoing covenant of the Corporation to reimburse the Executive in the manner provided herein shall survive the termination of this Agreement.
- (c) **Bonuses.** For each year (or portion thereof) that this Agreement is in effect, the Board of Directors, after reviewing and taking into account the recommendation of the compensation committee of the Corporation, if any, shall review the Executive's performance and based on this review, may provide a bonus of up to one (1) time his salary in that year, which bonus shall at the sole option and discretion of the Board of Directors of the Corporation (but subject to compliance with all securities and regulatory laws, rules and policies), be payable in cash within three (3) months of the end of the fiscal year of the Corporation to which such bonus may relate.

The Board of Directors shall not pay the Executive a bonus to the extent that such funds are not available from working capital. In the event that such bonuses are not paid, such bonuses will not be accrued.

- (d) **Deductions.** Notwithstanding any other provision hereof, the Executive acknowledges and agrees that all payments of compensation hereunder shall be paid less all applicable federal and provincial income tax, unemployment insurance, and other related deductions and withholdings as required by law.

3. **Term of Employment.**

- (a) Subject to the other provisions of this Agreement, the initial term of this Agreement shall commence on the Effective Date and shall terminate on the second (2nd) anniversary of the Effective Date (the "**Initial Term**"), unless terminated or renewed earlier pursuant to this Agreement. The Initial Term may be extended for additional consecutive one (1) year periods unless one Party delivers written notice to the other Party no later than 30 days prior to the expiration of the Initial Term (the Initial Term, as so extended, shall be referred to in this Agreement as the "**Term**") that he or it, as the case may be, has decided not to renew the Term beyond the expiration of the then-current Term.
- (b) **Termination.**
- (i) This Agreement may be immediately terminated by mutual consent of the parties at any time during the Initial Term or any Term of this Agreement.
- (ii) The Executive may terminate this agreement upon a Change of Control in accordance with provisions set out in Section 3(c) hereof;
- (iii) The Corporation or the Executive may immediately terminate this Agreement in the event that the other party is in breach of any of the terms or conditions of the Agreement applicable to that other party.
- (iv) This Agreement shall be terminated automatically and with immediate effect if at any time either the Corporation or the Executive becomes insolvent or voluntarily or involuntarily bankrupt, or makes an assignment for the benefit of its or his creditors.
- (v) In no event shall either the Corporation or the Executive be under any obligation to renew or extend the term hereof, nor shall the Corporation or the Executive be entitled to any termination payment, compensation or other payment of any nature or kind whatsoever when this Agreement terminates, for whatever cause whether by passage of time or otherwise except as expressly required by law or as set out in Section 3 hereof.
- (c) **Change of Control.** The following provisions shall apply in the event of a Change of Control (as hereinafter defined):

- (i) For purposes of this Agreement, "**Change of Control**" shall mean the occurrence of any one of:

(I) either (a) issuance, acquisition or continuing ownership of the voting shares of the Corporation as a result of which a 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 Corporation that would entitle the holders thereof to cast more than 20% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect directors of the Corporation; 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 Corporation to the Board of Directors of the Corporation 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 Corporation's assets to any other person or persons;

(III) the entering into of a merger, amalgamation, arrangement or other reorganization by the Corporation 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 Corporation that would entitle the holders thereof to cast more than 20% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect directors of the Corporation;

(IV) 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), (II), or (III) above; or

- (V) a determination by the Board of Directors of the Corporation 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 Corporation, in the ownership of the Corporation's assets, the composition of the Board of Directors of the Corporation, 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 Corporation.
- (ii) In the event of a Change of Control of the Corporation, the Executive 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 Corporation by voluntary resignation in accordance with subsection 3(g) below and (I) within ten (10) business days of such termination the Corporation shall pay to the Executive, to the extent earned, all amounts set out in Section 2 above due and owing up to the effective date of termination, and (II) within 60 days of such termination, the Corporation shall pay to the Executive a settlement amount equal to twenty-four (24) months' of Base Salary at the rate of Base Salary payable to the Executive immediately prior to the effective date of termination by voluntary resignation (the "**Resignation Settlement Amount**"), in full, final and complete satisfaction of any and all claims that the Executive may have against the Corporation including, without limitation, for Severance Compensation.
- (iii) In the event of a Change of Control of the Corporation and if the Corporation, within two (2) years of the effective date of such Change of Control, terminates the Executive without cause in accordance with subparagraph 3(f) below, the Corporation shall give the Executive notice in writing of such termination and shall pay to the Executive the Resignation Settlement Amount referred to in subsection 3(b)(ii) above in full, final and complete satisfaction of any and all claims that the Executive may have against the Corporation including, without limitation, Severance Compensation.
- (iv) In the event of a Change of Control of the Corporation, and if the Executive is no longer employed by the Corporation, the Executive has the right to demand the Corporation 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 Corporation.
- (d) **Disability and Death.** This Agreement shall terminate upon the death of the Executive or at the Corporation's election, if the Executive becomes unable, by reason of physical or mental disability, with or without reasonable accommodation, to perform the essential functions under this Agreement. The

determination of whether grounds for termination exist under this section shall be made in good faith by the Corporation.

- (e) **Termination at Will.** The Corporation may terminate this Agreement at will any time prior to the end of the Initial Term without cause by written notice to the Executive, provided that in such event, 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 the Executive under the *Employment Standards Act* (Ontario) and any successor legislation thereto (collectively, "**Severance Compensation**"), the Corporation shall pay to the Executive within 60 days of the date of termination a settlement amount equal to: (i) if such termination occurs prior to the end of the 1st year of the Initial Term, 12 months of Base Salary at the rate of Base Salary, or (ii) if such termination occurs after the end of the 1st year of the Initial Term, 24 months of Base Salary, in each case as applicable at the rate of Base Salary payable to the Executive immediately prior to the effective date of termination (in each case being referred to herein as the "**Settlement Amount**"), in full, final and complete satisfaction of any and all claims that the Executive may have against the Corporation including, without limitation, for Severance Compensation. In addition to the Settlement Amount, the Corporation shall, to the extent earned, pay to the Executive within ten (10) business days of such termination without cause, all accrued amounts due and owing to the Executive pursuant to Section 2 above up to and including the effective date of termination.
- (f) **Termination for Cause.** Notwithstanding the provisions of Section 3(b) herein, the Corporation may terminate the Executive hereunder for cause by delivering to the Executive written notice of termination and such termination shall be effective upon delivery of such notice. For the purposes hereof, the term "cause" means serious misconduct or misfeasance detrimental to the interests of the Corporation by the Executive. Upon termination of this Agreement through the provisions in this Section 3(f), there shall be no amounts owing to the Executive, other than amounts payable to the effective date of termination (except out of statutory obligations).
- (g) **Voluntary Resignation.** The Executive shall be entitled to terminate his employment with the Corporation, at will, at any time by giving three (3) months' prior written notice to the Board of Directors of the Corporation and within ten (10) business days of the effective date of such termination, the Corporation shall pay to the Executive, to the extent earned, all accrued amounts due and owing to the Executive pursuant to Section 2 above up to and including the effective date of termination. For greater certainty, the parties agree that nothing in this Agreement prevents the Corporation from waiving the foregoing notice period, or a portion thereof, specified in this subsection 3(g). In the event that the Corporation waives such notice period, or any portion thereof, the Corporation shall only be obligated to pay to the Executive to the extent earned all accrued amounts provided for under Section 2 above due and owing up to the effective

date of termination in full, final and complete satisfaction of any and all claims that the Executive may have against the Corporation, including without limitation, for Severance Compensation. Subject to the foregoing and subsection 3(c) above which governs the rights of the Executive in certain limited circumstances after a Change in Control, the Executive acknowledges and agrees that with respect to any such voluntary resignation he shall not otherwise be entitled to any Severance Compensation or any other compensation or payment of any nature or kind whatsoever.

- (h) **Status of Stock Options.** Notwithstanding any other agreement in effect as of the Effective Date or entered into after the Effective Date, in the event that the Executive's employment with the Corporation is terminated for cause pursuant to subsection 3(f) above or by voluntary resignation pursuant to subsection 3(g) above, all stock options held by the Executive 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 held by the Executive 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 the Executive's employment with the Corporation is terminated at will pursuant to subsection 3(e) above or in connection with a Change of Control pursuant to subsection 3(c) above or as a result of the Executive's death pursuant to subsection 3(d) above, all unvested stock options held by the Executive shall be deemed to have vested as of the effective date of termination or deemed termination to allow the Executive (or his personal representatives) to exercise the options to purchase shares granted thereby with regard to that number of shares that the Executive would have been entitled to purchase had his employment continued for a period until the expiry date of such 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 herein, the Corporation agrees to compensate the Executive by way of a cash payment of that amount of money which the Executive would have been entitled to (the "**Option Payout**") if he had exercised any such options on the effective date of termination or deemed termination at the applicable exercise price and sold the securities on the exchange or market where the majority of the Corporation's shares are then traded, at a price equal to the average trading price for the last five (5) business days preceding the effective date of termination on which the subject securities were traded. In the event that such average trading price does not exceed the applicable exercise price, no compensation shall be payable by either party with respect thereto. The Option Payout, if any, shall be paid within 120 days of the effective date of termination of the Executive and shall be in final, full and complete satisfaction of any and all obligations of the Corporation under any and all stock options held by the Executive.
- (i) **Limitations.** Regardless of the reason for dismissal or termination of the Executive, and whether or not the Corporation had cause to terminate the

Executive's employment or gave proper notice or payment in lieu thereof pursuant to subsections 3(b), 3(c), 3(d), 3(e), 3(f) or 3(g) hereof, the Corporation's total liability to the Executive hereunder shall be limited to the payment to the Executive to the extent earned all accrued amounts provided for under Section 2 above due and owing up to and including the effective date of termination and, if applicable, payment of the Resignation Settlement Amount, the Settlement Amount and Option Payout or other amounts expressly provided for therein, as the case may be. Subject to the foregoing, the Executive shall have no right and hereby waives any possible entitlement to sue the Corporation (including any of its officers, directors, employees, consultants and authorized agents and representatives) for damages, additional salary, commissions, wages, benefits or bonuses of any and every nature or kind whatsoever relating to his employment hereunder including, without limitation, Severance Compensation, unless:

- (i) the Corporation purported to terminate the Executive for cause pursuant to subsection 3(f) above; and
- (ii) a final binding decision not subject to further appeal made by a court, arbitrator or other trier of fact or body having competent jurisdiction has determined that termination for cause had not been established and the Corporation (or any of its officers, directors, employees, consultants or authorized agents or representatives) in purporting to terminate for cause acted maliciously or with wanton disregard;

in which case the above-noted limitation on damages shall not apply.

- (j) **No Reduction.** Any amounts or benefits payable by the Corporation under this Section 3 shall not be reduced in any respect in the event that the Executive shall secure or shall not reasonably pursue alternative employment following termination or deemed termination of the Executive's employment hereunder

4. **Duties.**

The Executive shall assume and duly and diligently perform the duties and responsibilities as set out in this Agreement and the by-laws of the Corporation and will be responsible for managing and overseeing the financial recording and reporting aspects of the Business of the Corporation (as hereinafter defined) as the Chief Financial Officer, together with such other duties as may be required by the Corporation from time to time in respect of the exploration and development projects, together with such other duties as may reasonably be required from time to time by the Board of Directors of the Corporation. The Executive shall not wilfully take any action that conflicts with the duties of the office held by the Executive or with the best interests of the Corporation.

5. **Representations, Warranties and Covenants of the Executive.**

- (a) During the Term, the Executive agrees to devote time, attention and ability to the Executive's designated responsibilities and duties at all times during the Term to faithfully, competently and diligently perform his duties and responsibilities to the

Corporation and shall use his best efforts to promote the best interests of the Corporation.

- (b) The Executive agrees not to engage in any other business activities which would prevent him from fulfilling his obligations and duties to the Corporation unless the prior consent of the Corporation is obtained.
- (c) The Executive agrees that he shall not, at any time during the currency of his employment pursuant to this Agreement or within twelve 12 months after his termination, either by the Corporation for cause or by virtue of the Executive's resignation, take any steps or make an approach, either directly or indirectly, to solicit or encourage in any manner whatsoever any employee of the Corporation calculated to lead to such employee leaving his or her employment with the Corporation.
- (d) Upon termination of the employment of the Executive, the Executive shall forthwith deliver or cause to be delivered to the Corporation all books, documents, money and all other assets and property of any nature or kind whatsoever belonging to the Corporation which are in the possession or control of the Executive.

6. **Vacation.**

The Executive shall be entitled to four (4) weeks vacation at full pay during each year of the Term of this Agreement. Such vacation shall be taken at a time mutually agreeable to the Corporation and the Executive. The Corporation agrees to use its best efforts to accommodate the Executive's wishes with respect to the timing of his vacation period, but reserves the right to determine the timing of the Executive's vacation depending on the requirements of the Corporation's business. All vacations may be taken only within the fiscal year of entitlement thereto and may not be accumulated from year to year.

7. **Entire Agreement.**

This Agreement contains the entire agreement of the parties relative to the employment of the Executive by the Corporation and no modifications thereof shall be binding upon the parties unless the same is in writing, signed by the respective parties thereto. Any and every other prior agreement or understanding with respect to the employment of the Executive, whether written or oral, is hereby superseded and replaced by this Agreement. No representations have been made to the Executive by anyone, nor are there any collateral agreements, with respect to the employment of the Executive on which the Executive has relied except as set out in this Agreement. No waiver of any provision in this Agreement shall be deemed nor shall constitute a waiver of any other provision, nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided.

8. **Notices.**

Every notice provided for in this Agreement shall be written and directed to the party to whom delivered or given and shall be delivered or given at the following addresses:

(a) if to the Executive, to:

Eric Szustak

(b) if to the Corporation, to:

James Bay Resources Limited
20 Victoria Street, Suite 800
Toronto, ON M5C 2N8

Fax: 416-#

with a copy to:

WeirFoulds LLP
Barristers & Solicitors
Suite 1600, 130 King Street West
Toronto, Ontario M5X 1J5

Attention: Wayne T. Egan

Fax: 416-365-1876

Each such notice shall be: (a) personally delivered; (b) sent by telecopier or other direct written electronic means; or (c) sent by registered mail.

Any notice sent by way of the means described in subclause (1) above shall be deemed to have been given and received on the Business Day on which it has been personally delivered provided that if such notice has not been delivered on a Business Day, then it shall be deemed to have been given and received on the next Business Day thereafter. Any notice sent by way of means described in subclause (2) above shall be deemed to have been given and received on the date on which it was transmitted provided that if such notice has not been transmitted on a Business Day or if it was not transmitted prior to 5:00 p.m. on the Business Day that it was transmitted, then it shall be deemed to have been given and received on the next Business Day thereafter. Any notice sent by the means described in subclause (3) above shall be deemed to have been given and received on the fifth (5th) Business Day following the date upon which it has been mailed. If mail service is or is threatened to be interrupted at any time when a notice is required to be given hereunder, then such notice shall be given by the means described in subclause (1) or subclause (2) above. Each party may change its address for the purposes of this section from time to time by giving written notice of such change to the other parties in accordance with this section. For the purposes of this Agreement, "**Business Day**" means any day other than Saturday, Sunday or any day on which banks are generally not open for business in the City of Toronto, Ontario.

