



**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025 AND 2024**

**JAMES BAY RESOURCES LIMITED**  
**FINANCIAL STATEMENTS MARCH 31, 2025**  
**AND 2024**

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**NOTICE OF NO AUDITOR REVIEW OF UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

*The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.*

# JAMES BAY RESOURCES LIMITED

## Statements of Financial Position

Expressed in Canadian dollars

As at

March 31, 2025  
\$

December 31, 2024  
\$

### ASSETS

#### Current assets

Cash	4,169	3,365
Prepaid expenses	22,286	21,776
Amounts receivable	14,088	19,701

#### Total current assets

40,543 44,842

Equipment and ROU (Note 7)

- 13,476

#### Total assets

40,543 58,318

### LIABILITIES

#### Current

Accounts payable and accrued liabilities (Note 16)	616,032	675,927
Shareholder loans (Note 9)	578,008	325,476
Current portion of lease payable (Note 8)	-	21,961
Canada emergency business account loan (Note 10)	63,750	63,000
Convertible debentures (Note 11)	421,736	418,688

#### Total current liabilities

1,679,526 1,505,052

### SHAREHOLDER'S EQUITY

Share capital (Note 11)	19,507,973	19,507,973
Convertible debentures equity component (Note 11)	28,737	28,737
Share based payment reserve (Note 13)	372,300	372,300
Deficit	(21,547,993)	(21,355,744)

#### Total common shareholders' deficit

(1,638,983) (1,446,734)

#### Total liabilities and shareholders' equity

40,543 58,318

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENTS AND CONTINGENCIES (Note 17)

APPROVED ON BEHALF OF THE BOARD:

Signed "STEPHEN SHEFSKY" \_\_\_\_\_, Director

Signed "JEAN J. GAUTHIER" \_\_\_\_\_, Director

*See accompanying notes to the financial statements*

# JAMES BAY RESOURCES LIMITED

## Statements of Loss and Comprehensive Loss

Expressed in Canadian dollars

For the three months ended March 31,

	2025	2024
	\$	\$
<hr/>		
<b>Expenses</b>		
Professional fees (Note 16)	71,937	58,153
Management salaries and benefits (Note 16)	51,818	70,500
Office and general	21,841	36,636
Transfer agent and listing fees	3,279	3,194
Depreciation	13,476	13,626
	<hr/>	<hr/>
<b>Loss before the undernoted</b>	(162,351)	(182,109)
Foreign exchange gain (loss)	-	2,586
Interest (expense) income (Note 9, 10, 11)	(29,898)	(12,805)
Loss from investment in Cerrado Gold	-	(176,959)
	<hr/>	<hr/>
<b>Total comprehensive loss for the period</b>	(192,249)	(369,287)
	<hr/>	<hr/>
<b>Loss per share</b>		
Basic and diluted	(0.01)	(0.01)
	<hr/>	<hr/>
<b>Weighted average number of shares outstanding</b>		
Basic and diluted	81,076,241	81,076,241
	<hr/>	<hr/>

*See accompanying notes to the financial statements*

# JAMES BAY RESOURCES LIMITED

## Statements of Cash Flows

Expressed in Canadian dollars

For the three months ended March 31,

	2025	2024
	\$	\$
<b>Cash provided (used) by operating activities:</b>		
Net loss for the period	(192,249)	(369,287)
Add (deduct) items not affecting cash:		
Depreciation	13,476	13,626
Unrealized loss from investment in Cerrado Gold Inc.	-	114,760
Interest expense	29,898	12,805
Foreign exchange gain (loss)	-	(2,586)
Net change in non-cash working capital	(61,543)	50,377
Net cash used in operating activities	(210,418)	(180,305)
<b>Cash provided by (used in) investing activities:</b>		
Proceeds from the sale of Cerrado Gold	-	97,101
<b>Cash provided by (used in) financing activities:</b>		
Lease payments	(33,696)	(20,525)
Shareholder loans, net (Note 9)	244,918	(25,000)
Proceeds from convertible debentures	-	125,000
Net cash provided by financing activities	211,222	79,475
Increase (decrease) in net cash flow during the period	804	(3,729)
Cash, beginning of the period	3,365	17,765
Cash, end of the period	4,169	14,036

*See accompanying notes to the financial statements*

**JAMES BAY RESOURCES LIMITED**  
**Statements of Changes in Equity**  
**For the three months ended March 31, 2025 and 2024**  
Expressed in Canadian dollars

	Common Shares	Share- based payments reserve	Convertible debentures equity component	Deficit	Total Shareholders' equity
	\$	\$	\$	\$	\$
Balance, December 31, 2024	19,507,973	372,300	28,737	(21,355,744)	(1,446,734)
Net loss for the period	-	-	-	(192,249)	(192,249)
Balance, March 31, 2025	19,507,973	372,300	28,737	(21,547,993)	(1,638,983)

	Common Shares	Share-based payments reserve	Deficit	Total Shareholders' equity
	\$	\$	\$	\$
Balance, December 31, 2023	19,507,973	372,300	(20,379,316)	(499,043)
Net loss for the period	-	-	(369,287)	(369,287)
Balance, March 31, 2024	19,507,973	372,300	(20,748,603)	(868,330)

*See accompanying notes to the financial statements*

**JAMES BAY RESOURCES LIMITED**  
**Notes to the Financial Statements**  
**For the three months ended March 31, 2025 and 2024**  
Expressed in Canadian dollars

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

James Bay Resources Limited (the "Company" or "James Bay") was incorporated on November 5, 2007. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "JBR".

As at March 31, 2025, the Company had a working capital deficiency of \$1,638,983 (December 31, 2024 - \$1,460,210) and had an accumulated deficit of \$21,547,993 (December 31, 2024 - \$21,355,744) which has been funded primarily by the issuance of equity and debt. The ability of the Company to continue as a going concern is dependent upon its ability to raise sufficient funds to meet its obligations as they become due. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future. Because of continuing operating losses, the Company's continuance as a going concern is dependent on its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material. The material uncertainties noted above together may cast significant doubt upon the Company's ability to continue as a going concern.

The head office, principal address and records office of the Company is located at 1200 Bloor Street, Suite 1103, Toronto, Ontario, Canada, M5R 2A5.

**2. BASIS OF PREPARATION**

Statement of compliance

The Company financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB"). These financial statements were approved by the Board of Directors on May 22, 2025.

These financial statements of the Company were prepared in accordance with IFRS on a going concern basis, under the historical cost basis except for those financial instruments carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The policies set out below were consistently applied to all the periods presented unless otherwise noted below.

**JAMES BAY RESOURCES LIMITED**  
**Notes to the Financial Statements**  
**For the three months ended March 31, 2025 and 2024**  
Expressed in Canadian dollars

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**3. RECENT ACCOUNTING PRONOUNCEMENTS AND CHANGES IN ACCOUNTING POLICIES**

*Recent accounting pronouncements*

IAS 1, 'Presentation of Financial Statements'

In February 2021, the IASB issued an amendment to IAS 1 to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The amendment was adopted on January 1, 2023. The amendment did not have a material impact on the financial statements.

In 2024, the IASB issued an amendment to IAS 1, these amendments clarify the requirements for classifying liabilities as either current or non-current. In particular, the amendments clarify how an entity classifies debt that an entity may settle by converting it into equity. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"). The amendment did not have a material impact on the financial statements.

Certain other pronouncements were issued by IFRS Accounting Standards that are mandatory for accounting periods on or after January 1, 2024 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

**Standards and amendments issued but not yet effective or adopted.**

IFRS Accounting Standards and amendments issued but not yet applied have been assessed by the Company and are not expected to have a material impact on the financial statements and none have been early adopted.

**JAMES BAY RESOURCES LIMITED**  
**Notes to the Financial Statements**  
**For the three months ended March 31, 2025 and 2024**  
Expressed in Canadian dollars

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**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of these financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods. Such estimates and assumptions affect the carrying value of assets, the determination of impairment charges of non-current assets, impact decisions as to when exploration and evaluation costs should be capitalized or expense and affect estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of share-based payments, warrants and income tax accounts. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

*(a) Income taxes*

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

*(b) Share-based payments and warrants*

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Warrants are valued in a similar way. Changes in these assumptions affect the fair value estimates.

*(c) Estimated useful life of equipment and ROU, depreciation*

Management estimates the useful lives of equipment and ROU based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation of equipment and ROU for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's equipment and ROU in the future.

*(d) Valuation of components of the convertible debentures*

Refer to Note 11.

**JAMES BAY RESOURCES LIMITED**  
**Notes to the Financial Statements**  
**For the three months ended March 31, 2025 and 2024**  
Expressed in Canadian dollars

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**5. MATERIAL ACCOUNTING POLICIES**

*(a) Reporting and functional currencies*

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

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

*(b) Share-based payments*

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

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

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

*(c) Income Tax*

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

**JAMES BAY RESOURCES LIMITED**  
**Notes to the Financial Statements**  
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Expressed in Canadian dollars

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**6. MATERIAL ACCOUNTING POLICIES (continued)**

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

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

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

*(d) Equipment*

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

Right of use asset - lesser of expected useful life or the lease term

*(e) Impairment of non-financial assets*

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

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

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

**JAMES BAY RESOURCES LIMITED**  
**Notes to the Financial Statements**  
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Expressed in Canadian dollars

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**6. MATERIAL ACCOUNTING POLICIES (continued)**

*(f) Financial instruments*

*Financial assets:*

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

Financial assets recorded at fair value through profit or loss (FVTPL)

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

Amortized cost

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

*Financial liabilities*

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

Amortized cost

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

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

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

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

**JAMES BAY RESOURCES LIMITED**  
**Notes to the Financial Statements**  
**For the three months ended March 31, 2025 and 2024**  
Expressed in Canadian dollars

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**6. MATERIAL ACCOUNTING POLICIES (continued)**

*Expected Credit Loss Impairment Model:*

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

*Financial instruments recorded at fair value:*

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

*(g) Income (loss) per share*

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

For the periods ended March 31, 2025 and 2024 diluted loss per share is the same as basic loss per share as the effects of options and warrants would be anti-dilutive.

*(h) Leases*

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

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

**JAMES BAY RESOURCES LIMITED**  
**Notes to the Financial Statements**  
**For the three months ended March 31, 2025 and 2024**  
Expressed in Canadian dollars

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**6. MATERIAL ACCOUNTING POLICIES (continued)**

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

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

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

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

**7. RIGHT-OF-USE ASSET**

	<u>\$</u>
Balance, December 31, 2023	168,758
Depreciation	<u>155,282</u>
Balance, December 31, 2024	13,476
Depreciation	<u>13,476</u>
Balance, March 31, 2025	<u>-</u>

# JAMES BAY RESOURCES LIMITED

## Notes to the Financial Statements

For the three months ended March 31, 2025 and 2024

Expressed in Canadian dollars

### 8. LEASES

	March 31, 2025 \$	December 31, 2024 \$
Lease liability - opening balance	21,961	84,518
Lease payments	(22,581)	(68,416)
Interest expense on lease liability	620	5,859
Lease liability - ending balance	-	21,961
Lease liability – current portion	-	21,961
Lease liability – non-current portion	-	-

### 9. SHAREHOLDER LOANS

The President and CEO of the Company had extended a loan to finance the working capital of the Company. The loan bears an interest rate of 10% and is due on demand. As at March 31, 2025, the Company owed \$578,008 (December 31, 2024 - \$224,475) which includes accrued interest in the amount of \$88,577 (December 31, 2024 - \$78,656). Subsequent to period-end, the President and CEO of the Company had extended an additional \$59,280 loan to finance the working capital of the Company.

A director of the Company extended a \$100,000 loan to finance the working capital of the Company. An officer of the Company extended a \$1,000 loan to finance the working capital of the Company. The aggregated balance of \$101,000 loan from the director and officer are non-interest bearing and is due on demand. As at March 31, 2025, the Company owed an total shareholder loan balance of \$578,008 (December 31, 2024 - \$325,476) which includes accrued interest in the amount of \$88,577.

### 10. CANADA EMERGENCY BUSINESS ACCOUNT (CEBA)

The Company received a loan of \$60,000 pursuant to the Canada Emergency Business Account (“CEBA”). The CEBA provides zero-interest, partially forgivable loans of up to \$60,000 to small businesses that have experienced diminished revenues due to COVID-19 but face ongoing non- deferrable costs, such as rent, utilities, insurance, taxes, and employment costs. The loan was converted to a three-year term loan bearing interest at 5% per annum. As at March 31, 2025, the Company owed an aggregated balance of \$63,750 (December 31, 2024 - \$63,000) which includes accrued interest in the amount of \$3,750.

# JAMES BAY RESOURCES LIMITED

## Notes to the Financial Statements

For the three months ended March 31, 2025 and 2024

Expressed in Canadian dollars

### 11. CONVERTIBLE DEBENTURES (continued)

In accordance with IFRS, the Company has separated the convertible debentures into debt and equity components on the statements of financial position using the residual method. The equity component represents the value of the conversion feature and is the difference between the estimated fair value of the liability component and the proceeds received of \$452,000. The net present value of the liability component of the convertible debentures has been estimated using an effective interest rate of 18.95%. The directly attributable transaction costs were expense in the statements of loss and comprehensive loss. The convertible debentures, net of the equity component and transaction costs, are accreted such that carrying amount of the convertible debenture will equal the face value of the convertible debenture at maturity. The accretion on the convertible debentures is included in interest expense in the statements of loss and comprehensive loss.

The rate of 18.95% used in estimating the value of the liability component of the convertible debentures and used to apply the effective interest rate method to the convertible debentures is based on significant management estimation.

As of March 31, 2025, included in accounts payable and accrued liabilities is accrued interest on convertible debentures in the amount of \$53,353 (December 31, 2024 - \$43,850).

### 12. SHARE CAPITAL

(a) **Authorized** - Unlimited common shares, with no par value

(b) **Issued** – 81,076,241 common shares

	#	\$
Balance, December 31, 2022	54,014,068	18,378,620
Warrants exercised <sup>(i)</sup>	4,983,333	356,594
Commons share issued in share for debt transaction <sup>(ii)</sup>	22,078,840	772,759
Balance, March 31, 2025 and December 31, 2024	81,076,241	19,507,973

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

(ii) In June 2023, the Board of Directors approved a share for debt arrangement. In July 2023, the Company issued 22,078,840 common shares at a deemed price of \$0.05 per Share to certain directors, officers, and creditors of the Company (the "Creditors") as full and final payment of debt in the aggregate amount of \$1,103,942 (the "Debt Settlement"), which debt was for certain expenses and unpaid remuneration for services performed by the Creditors.

The Company's share price on the effective date of the Debt Settlement was \$0.035. The Company recognized a gain of \$331,183.

The 12 million shares issuable to the Company's CEO, for amounts owing to him as part of the Debt Settlement will be held in escrow and only released upon James Bay entering into an agreement to acquire an active business.

# JAMES BAY RESOURCES LIMITED

## Notes to the Financial Statements

For the three months ended March 31, 2025 and 2024

Expressed in Canadian dollars

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### 13. SHARE-BASED PAYMENTS RESERVE

The Company has an incentive stock option plan (the “Plan”) whereby the Company can grant to directors, officers, employees and consultants, options to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 20% of the Company's issued and outstanding capital at the time of granting of options for a maximum term of five years. In no case (calculated at the time of grant) shall the Plan result in:

- a. the number of options granted in a 12-month period to any one consultant exceeding 2% of the issued shares of the Company;
- b. the aggregate number of options granted in a 12-month period to any one individual exceeding 5% of the outstanding shares of the Company;
- c. the number of options granted in any 12-month period to employees or consultants undertaking investor relations activities exceeding in aggregate 2% of the issued shares of the Company;
- d. the aggregate number of common shares reserved for issuance to any one individual upon the exercise of options granted under the Plan or any previously established and outstanding stock option plans or grants exceeding 5% of the issued shares of the Company in any 12-month period.

The following reconciles the share options outstanding:

	March 31, 2025		December 31, 2024	
	Number of options #	Weighted average exercise price \$	Number of options #	Weighted average exercise price \$
Balance, beginning of year	5,000,000	0.10	5,000,000	0.10
Granted	-	-	-	-
Balance, end of year	<u>5,000,000</u>	<u>0.10</u>	<u>5,000,000</u>	<u>0.10</u>

# JAMES BAY RESOURCES LIMITED

## Notes to the Financial Statements

For the three months ended March 31, 2025 and 2024

Expressed in Canadian dollars

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### 14. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of its properties. The capital structure of the Company consists of equity attributable to common shareholders comprised of common shares, warrant reserve, share-based payments reserve, and deficit. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended March 31, 2025 and 2024. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the CSE which requires adequate working capital of \$50,000. As of December 31, 2024, the Company is not in compliance with the policies of the CSE.

### 15. FINANCIAL INSTRUMENTS

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

#### *Credit risk*

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

#### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have liquidity to meet liabilities when due. At March 31, 2025, the Company had cash of \$4,149 to settle current liabilities of \$1,679,526 (December 31, 2024 - \$1,505,052). The Company had a working capital deficiency of \$1,638,983 (December 31, 2024 - \$1,460,210). The Company's current financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

#### *Market risk*

##### *Interest rate risk*

The Company has cash balances. The Company's current policy is to invest excess cash in investment-grade short-term guaranteed investment certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

##### *Fair value*

The carrying value of cash, amounts receivable, CEBA loan, shareholder loans, accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the financial instruments.

##### *Fair value hierarchy and liquidity risk disclosure*

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

# JAMES BAY RESOURCES LIMITED

## Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

Expressed in Canadian dollars

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### 16. RELATED PARTY DISCLOSURES

These financial statements include balances and transactions with directors and officers of the Company and/or corporations related to them. During the period ended March 31, 2025 and 2024, the Company entered into the following transactions involving related parties:

During the period ended March 31, 2025, \$22,100 (December 31, 2024 - \$109,078) was charged by a law firm of which a partner is a director of the Company. As of March 31, 2025, included in accounts payable and accrued liabilities is an accumulated balance of approximately \$119,272 (December 31, 2024 - \$107,171) owing to this law firm.

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

The remuneration of key management personnel for periods ended March 31, 2025 and 2024 were as follows:

	March 31, 2025	March 31, 2024
Management salaries	\$ 18,000	\$ 18,000
Director fees	20,000	30,000
	<u>\$ 38,000</u>	<u>\$ 48,000</u>

As of March 31, 2025, included in accounts payable and accrued liabilities is an accumulated balance of \$89,344 owing to two executive officers.

During the period ended March 31, 2025, the Company accrued \$20,000 in directors' fees. Included in accounts payable and accrued liabilities is an accumulated balance of \$90,000 owing to four directors.

### 17. COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts, which contain clauses requiring additional payments of up to \$864,000 be made upon the occurrence of certain events such as a change of control and additional payments of up to \$872,000 be made upon termination of contracts. As a triggering event has not taken place, the contingent payments have not been reflected in these financial statements. As of March 31, 2025, under these management contracts, management has committed to \$522,000 of salaries and benefits due within one year.

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

James Bay was awarded costs of approximately \$309,402, solely against Mak Mera. Costs were not awarded against Mr. Wale Sola personally, as Justice Papageorgiou determined that there was divided success in the Decision concerning the issues between Mr. Sola and James Bay. Mak Mera and Wale Sola are appealing the Decision and the costs awarded. The appeal was heard on January 20, 2025. The Company awaits for the decision from the appeal court.