

JAMES BAY RESOURCES LTD.

COMPENSATION COMMITTEE CHARTER

This charter (the “**Charter**”) sets forth the purpose, composition, responsibilities, duties, powers and authority of the Compensation Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of James Bay Resources Ltd. (“**James Bay**”).

1 PURPOSE

1.1 The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the:

- establishment of key human resources and compensation policies, including all incentive and equity based compensation plans;
- establishment of corporate goals and objectives relevant to the compensation of the Chief Executive Officer (the “**Chief Executive Officer**”) of James Bay;
- evaluation of Chief Executive Officer’s performance and determination of the Chief Executive Officer and senior executive compensation;
- evaluation of the performance of senior management; and
- compensation of directors.

2 COMPOSITION AND MEMBERSHIP

2.1 The Board will appoint the members (“**Members**”) of the Committee after the annual general meeting of shareholders of James Bay. The Members will be appointed to hold office until the next annual general meeting of shareholders of James Bay or until their successors are appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will cease to be a Member upon ceasing to be a director.

2.2 The Committee will consist of at least a majority of Members who meet the criteria for independence established by applicable laws and the rules of the stock exchange upon which James Bay’s securities are listed.

2.3 All Committee members will have a general familiarity with compensation and human resources matters.

2.4 The Board will appoint one of the Members to act as the Chairman of the Committee (the “**Chairman**”). The secretary of James Bay (the “**Corporate Secretary**”) will be the secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee. In the absence of the Corporate Secretary at any meeting, the Committee will appoint another person who may, but need not, be a Member to be the secretary of that meeting.

3 MEETINGS

- 3.1 Meetings of the Committee will be held at such times and places as the Chairman may determine, but in any event not less than two (2) times per year. Twenty-four (24) hours advance notice of each meeting will be given to each member orally, by telephone, by facsimile or email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by conference call.
- 3.2 The Chairman, if present, will act as the Chairman of meetings of the Committee. If the Chairman is not present, then the Members present may select one of their number to act as Chairman of the meeting.
- 3.3 A majority of Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chairman will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by a written resolution signed by all Members.
- 3.4 The Committee may invite from time to time such persons as it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee. The Committee will meet in camera without management at each meeting of the Committee.
- 3.5 In advance of every regular meeting of the Committee, the Chairman, with the assistance of the Corporate Secretary, will prepare and distribute to the Members and others as deemed appropriate by the Chairman, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of James Bay to produce such information and reports as the Committee may deem appropriate in order for it to fulfill its duties.

4 DUTIES AND RESPONSIBILITIES

- 4.1 The Committee will have the following duties and responsibilities:

Performance Objectives

- 4.2 Annually review the Chief Executive Officer's and the senior executives' performance objectives and, in the Committee's discretion, recommend any changes to the Board for consideration.

Evaluation of Performance

- 4.3 Annually review and evaluate the Chief Executive Officer's performance in light of pre-established performance objectives and report its conclusions to the Board.

Chief Executive Officer Compensation

- 4.4 Annually review the Chief Executive Officer's compensation and, in the Committee's discretion, recommend any changes to the Board for consideration.

Executive Management Compensation

- 4.5 Annually review the Chief Executive Officer's recommendations for the senior executives' compensation and, in the Committee's discretion, recommend any changes to the Board for consideration.

Compensation Policies

- 4.6 Ensure compensation policies for the Chief Executive Officer and the senior executives:
- (a) properly reflect their respective duties and responsibilities;
 - (b) are competitive in attracting, retaining and motivating people of the highest quality; and
 - (c) aligns the interests of the Chief Executive Officer and the senior executives with the shareholders; and are based on established corporate and individual performance objectives.

Directors' Compensation

- 4.7 Annually review directors' compensation and, in the Committee's discretion, recommend any changes to the Board for consideration.

Compensation Disclosure

- 4.8 Review all annual executive compensation disclosure prior to being publicly released.

Investigations

- 4.9 Direct and supervise the investigation into any matter brought to its attention within the scope of its duties.

Other Duties

- 4.10 Perform such other duties as may be assigned to it by the Board from time to time or as may be required by applicable regulatory authorities or legislation.

5 REPORTING

- 5.1 The Chairman will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the management proxy circular. The Corporate

Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

6 ACCESS TO INFORMATION AND AUTHORITY

- 6.1 The Committee will be granted unrestricted access to all information regarding James Bay and all directors, officers and employees will be directed to cooperate as requested by members of the Committee. The Committee has the authority to retain, at James Bay's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities. The Committee has the sole authority to retain and terminate any compensation consulting firm to assist the Committee in reviewing compensation matters, including sole authority to approve the fees and other terms of retention of such consulting firms.

7 REVIEW OF CHARTER

- 7.1 The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

Original Approval Date:

Approved by:

Compensation Committee and Board of Directors