

James Bay Resources Limited Announces Secured Loan to California-Based Cannabis Vaping Company

Toronto, Ontario--(Newsfile Corp. - December 21, 2018) - James Bay Resources Limited (CSE: JBR) ("James Bay" or the "Company") announced today that it has entered into a secured loan agreement (the "Secured Loan Agreement") with a California-based company (the "Borrower"), involved in arranging both CBD and THC vape pens for sale to licensed distributors.

Under the terms of the Secured Loan Agreement, James Bay has agreed to advance up to US\$3.5 million to the Borrower, at an interest rate of 15% per annum, with the loan plus all accrued and unpaid interest repayable on the six-month anniversary of advancing the funds (the "Maturity Date"), and fully secured by all of the assets, undertaking and business of the Borrower (the "Secured Loan"). The Secured Loan is part of approximately US\$7.5 million of secured loans which have been received by the Borrower as part of financing its business.

James Bay also received 45,500,000 warrants under the terms of the Secured Loan Agreement, each exercisable for one common share of the Borrower at a price of CDN\$0.10 per share (the "Warrants"). In the event that James Bay determines to convert the outstanding Secured Loan principal amount into the exercise price for the Warrants prior to the Maturity Date, the Borrower has agreed that it will increase the number of common shares issuable upon exercise of the Warrants by 30%.

Currently, assuming the advance by James Bay of the full US\$3.5 million Secured Loan, it would receive Warrants exercisable for 45,500,000 common shares of the Borrower, which would increase to 59,150,000 common shares of the Borrower if James Bay elects to convert the principal amount of the US\$3.5 million Secured Loan into the warrant exercise price prior to the Maturity Date. Based on current capitalization and outstanding secured loans of the Borrower, if the Warrants were fully exercised (including the 30% premium attracted by converting the outstanding Secured Loans prior to the six-month maturity date), then James Bay would hold approximately 29% of the outstanding shares of the Borrower.

James Bay will not play any role in the management or operations of the Borrower, and has made this investment in order to earn the 15% interest on the up to US\$3.5 million Secured Loan, and will at some point make a determination on whether it wants to convert the Secured Loan amount through the Warrants into an equity position in the Borrower. If such a decision is made, then further disclosure concerning the Borrower will be provided in due course.

About James Bay Resources Limited

James Bay is a Canadian resource company with 46,697,405 shares outstanding and trades on the Canadian Securities Exchange under the symbol "JBR". Please visit the James Bay website at 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 business generally and the Investment in Cerrado Gold, 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 commodity 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.

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