



VIRGINIA ENERGY RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2015 and 2014

(unaudited - expressed in US dollars)

MANAGEMENT'S RESPONSIBILITY FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying condensed consolidated interim financial statements of Virginia Energy Resources Inc. are the responsibility of the Company's management and are prepared in accordance with accounting principles generally accepted in Canada and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal controls through an audit committee, which is comprised of non-management directors. The Audit Committee reviews the consolidated financial statements prior to their submission to the Board of Directors for approval.

"Walter Coles, Sr."

Walter Coles, Sr.
President and CEO

"Karen A. Allan"

Karen A. Allan
Chief Financial Officer

Vancouver, British Columbia
May 22, 2015

VIRGINIA ENERGY RESOURCES INC.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - expressed in US Dollars)

| | | March 31, 2015 | December 31, 2014 |
|---|-------------|----------------------|----------------------|
| | Note | | |
| Assets | | | |
| Current | | | |
| Cash and cash equivalents | | \$ 1,691,667 | \$ 2,150,319 |
| Commodity taxes receivable | | 1,294 | 2,641 |
| Due from related parties | 11 | 272,842 | 233,866 |
| Other assets | | 35,330 | 36,170 |
| | | 2,001,133 | 2,422,996 |
| Exploration and evaluation assets | 6 | 24,084,717 | 24,084,717 |
| Equipment | 7 | 1,075 | 1,519 |
| Total assets | | \$ 26,086,925 | \$ 26,509,232 |
| Liabilities | | | |
| Current | | | |
| Accounts payable and accrued liabilities | | \$ 77,580 | \$ 100,586 |
| | | 77,580 | 100,586 |
| Note payable to related party | 4, 11 | - | 3,592,827 |
| Total liabilities | | 77,580 | 3,693,413 |
| Shareholders' equity | | | |
| Capital stock | 8 | 50,621,328 | 50,621,328 |
| Contributed surplus | | 482,394 | 482,394 |
| Accumulated other comprehensive income | | 887,922 | 887,922 |
| Deficit | | (25,982,299) | (29,175,825) |
| Total shareholders' equity | | 26,009,345 | 22,815,819 |
| Total liabilities and shareholders' equity | | \$ 26,086,925 | \$ 26,509,232 |

See accompanying notes to condensed consolidated interim financial statements

These condensed consolidated interim financial statements are signed on behalf of the Board of Directors by:

"Harold Roberts" (signed)

"Norman Reynolds" (signed)

VIRGINIA ENERGY RESOURCES INC.
Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income
(Unaudited - expressed in US dollars)

| | Note | For the three months ended | |
|--|------|----------------------------|-------------------|
| | | March 31 | |
| | | 2015 | 2014 |
| | | | [Note 4] |
| Expenses | | | |
| Compensation and benefits | | \$ 86,977 | \$ 183,370 |
| Share based payments | 8(e) | - | 1,817 |
| Public relations | | - | 3,629 |
| Professional fees | | 10,768 | 83,902 |
| Technical expense | | 3,432 | 64,231 |
| General and administrative | | 68,882 | 82,710 |
| Gain on sale of marketable securities | 5 | - | (232,334) |
| Amortization | 7 | 444 | 6,141 |
| Loss before other items | | (170,503) | (193,466) |
| Other income (loss) | | | |
| Interest income | | 4,192 | 3,779 |
| Interest expense | | - | (26,114) |
| Other income | | 18,235 | 5,750 |
| Gain on disposition of mineral property interests in satisfaction of note payable to related party | 4,11 | 3,588,597 | - |
| Foreign exchange | 4 | (246,995) | 29,894 |
| | | 3,364,029 | 13,309 |
| Net income (loss) | | 3,193,526 | (180,157) |
| Other comprehensive income loss | | | |
| Items that may be reclassified to profit or loss | | | |
| Change in fair value of available-for-sale marketable securities | | - | 713,405 |
| Net income (loss) and comprehensive income (loss) for the period | | 3,193,526 | 533,248 |
| Basic and diluted income (loss) per share | | \$ 0.06 | \$ (0.01) |
| Weighted average number of common shares outstanding | | 57,230,614 | 57,230,614 |

See accompanying notes to condensed consolidated interim financial statements

VIRGINIA ENERGY RESOURCES INC.

**Condensed Consolidated Interim Statement of Changes in Shareholders' Equity
(Unaudited - expressed in US dollars)**

| | Capital Stock | | Accumulated Other Comprehensive Income (Loss) [Note 5] | Contributed Surplus | Deficit [Note 5] | Total Shareholders' Equity |
|---|-------------------|----------------------|--|------------------------|------------------------|----------------------------------|
| | Common Shares | Amount | | | | |
| Balance, December 31, 2013 | 57,230,614 | \$ 50,621,328 | \$ 57,660 | \$ 480,577 | \$ (27,958,949) | \$ 23,200,616 |
| Change in fair value of available-for-sale marketable securities | | | 713,405 | - | - | 713,405 |
| Share based payments | - | - | - | 1,817 | - | 1,817 |
| Net loss for three months | - | - | - | - | (180,157) | (180,157) |
| Balance, March 31, 2014 | 57,230,614 | 50,621,328 | 771,065 | 482,394 | (28,139,106) | 23,735,681 |
| Balance, December 31, 2014 | 57,230,614 | 50,621,328 | 887,922 | 482,394 | (29,175,825) | 22,815,819 |
| Net gain for three months | - | - | - | - | 3,193,526 | 3,193,526 |
| Balance, March 31, 2015 | 57,230,614 | \$ 50,621,328 | \$ 887,922 | \$ 482,394 | \$ (25,982,299) | \$ 26,009,345 |

See accompanying notes to condensed consolidated interim financial statements

VIRGINIA ENERGY RESOURCES INC.
Condensed Consolidated Interim Statement of Cash Flows
(Unaudited - expressed in US dollars)

| | For the three months ended | |
|---|----------------------------|---------------------|
| | March 31 | |
| | 2015 | 2014 |
| Cash from operating activities | | [Note 4] |
| Net loss | \$ 3,193,526 | \$ (180,157) |
| Non-cash items: | | |
| Amortization | 444 | 6,141 |
| Share based compensation | - | 1,817 |
| Gain on sale of marketable securities | - | (232,334) |
| Currency valuation adjustment on note payable | - | (193,051) |
| Gain on disposition of mineral property interests in satisfaction of note payable to related party | (3,588,597) | - |
| Net changes in non-cash working capital items | | |
| Other assets | 840 | (7,514) |
| Commodity taxes receivable | 1,347 | (2,462) |
| Accounts payable and accrued liabilities | (23,006) | (52,102) |
| Accrued interest on note payable to related party | (4,230) | 26,114 |
| Due from related party | (38,976) | (39,747) |
| Cash provided by (used in) operating activities | (458,652) | (673,295) |
| Financing activities | | |
| Proceeds from sale of marketable securities | - | 2,154,106 |
| Cash provided from financing activities | - | 2,154,106 |
| Net increase (decrease) in cash and cash equivalents | \$ (458,652) | \$ 1,480,811 |
| Cash and cash equivalents beginning of the period | 2,150,319 | 1,141,230 |
| Cash and cash equivalents end of the period | 1,691,667 | 2,622,041 |

See accompanying notes to condensed consolidated interim financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Virginia Energy Resources Inc. (the “Company” or “Virginia”) is a resource company focused on the exploration and development of uranium deposits located in the southern part of Virginia in the United States. Virginia was incorporated in the Yukon on August 31, 2007 and continued to British Columbia under the British Columbia Corporations Act on May 21, 2009. On September 27, 2012, the Company acquired all the outstanding shares of VA Uranium Holdings Inc. (“VAUH”) and its subsidiaries and Otish Minerals Ltd. (“the Arrangement”). Prior to September 27, 2012, the Company held an investment in VA Uranium Holdings Inc.

Details of the Company’s wholly owned subsidiaries are as follows:

| Name of Subsidiary | Nature of Operations | Place of Incorporation |
|--|--|------------------------|
| Virginia Uranium Inc. (“VirginiaCo”) | Exploration and development of uranium deposits | Virginia |
| Southside Cattle Company LLC (“Southside”) | Holding Company | Virginia |

The head office of the Company is located at 611 - 675 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1N2.

These consolidated financial statements have been prepared on a basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business, rather than through a process of forced liquidation. The Company’s ability to continue as a going concern is dependent on the ability of the Company to raise additional equity financing and the attainment of profitable operations. There are no assurances that the Company will be successful in achieving these goals. Although the Company has been successful in raising funds to date, there can be no assurance that adequate or sufficient funding will be available in the future, or under terms acceptable to the company. The Company’s discretionary activities do have considerable scope for flexibility in terms of the amount and timing of expenditure, and expenditures may be adjusted accordingly. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. If the going concern assumptions were not appropriate for these consolidated financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standard (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and are reported in United States dollars (“USD”). These condensed consolidated interim financial statements were authorized for issuance by the Company’s Board of Directors on May 22, 2015.

2. BASIS OF PRESENTATION (Continued)

Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis with the exception of certain financial instruments that are measured at fair value.

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. All significant inter-company balances and transactions have been eliminated.

Functional and presentation currency

The condensed consolidated interim financial statements are presented in US dollars, which is the functional currency of the Company and its subsidiaries.

Use of estimates and judgments

The preparation of condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and contingent liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is as follows:

- Carrying value and recoverability of mineral property interests - The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable reserves exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive income in the period when the new information becomes available.
- Stock option valuation – The Black-Scholes fair value option pricing model requires the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate and requires judgment in making these estimates. Annualized volatility is based on volatility measures used by similar companies.

VIRGINIA ENERGY RESOURCES INC.
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2015 and 2014
(Unaudited - expressed in US dollars)

3. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following new standards, and amendments to standards and interpretations, were not yet effective for the three months ended March 31, 2015, and have not been applied in preparing these condensed consolidated interim financial statements.

Accounting Standards Issued and Effective January 1, 2018

A finalized version of IFRS 9, which contains accounting requirements for financial instruments, replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in classification and measurement, impairment of financial assets, hedge accounting and derecognition of financial assets and liabilities carried forward from IAS 39. The Company is in the process of determining the impact of IFRS 9 on its financial statements.

4. CHANGE IN FOREIGN EXCHANGE CLASSIFICATION

The Company has recasted comparative information as at December 31, 2013 to present the foreign exchange gains on its Note Payable to Anthem Resources Incorporated (“Anthem”) as part of net income, rather than within other comprehensive income to more appropriately reflect the foreign exchange fluctuations on a Canadian Dollar denominated liability in a company with a United States Dollar functional currency. The Note Payable arose as part of the Arrangement on September 27, 2012. There was no impact to the financial statements for the year ended December 31, 2012.

The impact of the reclassification on the Company’s previously reported results was determined to be immaterial and therefore the comparative information has been recast as summarized in the table below:

| Statement of Financial Position | As at December 31, 2013 | Adjustment | Recasted at December 31, 2013 |
|---|--|-------------------|--|
| Accumulated other comprehensive income | \$ 298,813 | \$ (241,153) | \$ 57,660 |
| Deficit | (28,200,102) | 241,153 | (27,958,949) |
| Statement of Loss and Comprehensive Loss | | | |
| Foreign exchange | \$ (131,513) | \$ 241,153 | \$ 109,640 |
| Net Loss | (8,698,763) | 241,153 | (8,457,610) |
| Financial currency translation reserve | \$ 241,153 | \$ (241,153) | - |
| Other comprehensive income (loss) | (589,109) | (241,153) | (830,262) |

5. MARKETABLE SECURITIES

In connection with a private placement in January 2013, the Company received 437,028 common shares of Energy Fuels Inc. issued on a private placement basis valued at \$3,688,027 (CAD\$3,714,740) as consideration for shares in the Company. Refer to note 9 (c). In addition, 26,221 Energy Fuels Inc. common shares issued to the Company were subsequently transferred to a third party as a finder’s fee for a total value of \$217,195.

The Company sold 246,736 Energy Fuels Inc. common shares during the quarter ending March 31, 2014 for a gain of \$232,334. All the remaining shares were sold in 2014.

6. EXPLORATION AND EVALUATION ASSETS

| | | |
|---|----|-------------|
| Mineral properties, December 31, 2012 | \$ | 27,602,533 |
| Less Impairment of Otish Mineral Properties | | (3,517,816) |
| Mineral properties, December 31, 2013 | | 24,084,717 |
| Mineral properties, December 31, 2014 | \$ | 24,084,717 |

The Coles Lease and the Bowen Lease

On April 4, 2007, VirginiaCo entered into a deed of mineral lease with Bowen (the "Bowen Lease") and a deed of mining lease with Coles Hill (the "Coles Lease" and, collectively with the Bowen Lease, the "Leases"). Pursuant to the Leases, VirginiaCo was granted the sole and exclusive right to drill, quarry, mine, process, store, remove and sell all of the uranium and all other fissionable source materials located on or under the lands of the two adjoining properties. The Leases expire on December 31, 2045, unless otherwise terminated or extended as agreed between the parties.

As part of the Leases, VirginiaCo agreed to pay Coles Hill and Bowen, as applicable, an earned revenue royalty at a fixed percentage of the actual price per pound of U₃O₈ received by VirginiaCo for arm's length sales to third parties. VirginiaCo shall pay a revenue royalty of 3% for sales of U₃O₈ at a realized price per pound of less than \$30, 4% for sales of U₃O₈ at a realized price per pound at or greater than \$30, but less than \$100, and 5% for sales of U₃O₈ at a realized price per pound at or greater than \$100.

In addition, contingent consideration will become payable annually on each anniversary beginning April 4, 2021. VirginiaCo has agreed to pay minimum annual rent in the amount of \$250,000 to Bowen under the terms of the Bowen Lease and \$750,000 to Coles Hill under the terms of the Coles Lease. These amounts will be recorded when the amounts become fixed and determinable.

Pursuant to an option agreement (the "Coles Option Agreement") dated May 31, 2007, among VirginiaCo, Walter Coles, Sr. and Alice C. Coles (the "Coles"), VirginiaCo acquired an option (the "Coles Option") to purchase adjacent land that forms a portion of the Coles Hill Property, exercisable for a period commencing May 31, 2007 and ending on the earlier of the termination or expiration of the Coles Lease. On March 18, 2011, the Coles Option Agreement was amended to permit VirginiaCo to acquire the land at a price of \$857,109. The purchase price was determined according to the terms of the original agreement and was equal to the price paid by the Coles plus the interest paid on the loan obtained to purchase the land by the Coles. On March 18, 2011, the Coles Option Agreement was exercised permitting the Company to acquire the land parcel covered by the Coles Option Agreement at a price of \$857,084.

The Burt Lands

Pursuant to the terms of a land acquisition agreement (the "Burt Acquisition Agreement") dated May 22, 2007 among Fred W. Burt and Shirley C. Burt (the "Burts") and VirginiaCo, VirginiaCo agreed to purchase land contiguous to the South Coles Hill Deposit (the "Burt Lands"), excluding any mineral rights on or under the Burt Lands (the "Reserved Minerals"). The Burt Lands form a portion of the Coles Hill Property. Upon execution of the Burt Acquisition Agreement, the Company issued 1,000,000 non-voting shares to Fred W. Burt as a deposit. As further consideration for the Burts Lands, VirginiaCo paid \$3,000,000 upon closing.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

The Burt Lands (Continued)

VirginiaCo also acquired an option to lease the Reserved Minerals (the "Burt Option") from the Burts, which option may be exercised by VirginiaCo at any time prior to 2045. Upon exercise of the Burt Option, VirginiaCo shall have the right to remove and sever all such Reserved Minerals from the Burt Lands. In the event such Reserved Minerals are extracted from the Burt Lands by VirginiaCo, VirginiaCo shall pay to the Burts a royalty of 3% for sales of Reserved Minerals at a realized price per pound of less than \$30, 4% for sales of Reserved Minerals at a realized price per pound at or greater than \$30, but less than \$100, and 5% for sales of Reserved Minerals at a realized price per pound at or greater than \$100. If the Company ceases mining operations in Pittsylvania County, Virginia, or elects to sell the Burt Lands, the Burt family shall have the right to repurchase the Burt Lands for the then fair market value.

Pursuant to an agreement for like-kind exchange dated July 25, 2007 (the "Exchange Agreement") between Southside and the Burts it was agreed that the Burts would convey the Burt Lands to Southside in exchange (the "Exchange") for certain tracts of land in Henry County, Virginia (the "Cromer Property"), in place of the cash consideration outlined in the Burt Acquisition Agreement. To effect the Exchange, on July 27, 2007, Southside purchased the Cromer Property for an aggregate purchase price of \$3,033,598 and simultaneously conveyed the Cromer Property to the Burts in exchange for the Burts Lands pursuant to the terms of the Exchange Agreement.

Option to Purchase the Crider Lands

Pursuant to an option agreement ("Crider Option Agreement") dated May 29, 2007, between Roy Crider and Connie Crider ("Criders") and VirginiaCo, the Criders have granted to VirginiaCo an option to purchase land, which covers part of the surface rights of the South Coles Hill Deposit ("Crider Lands") for \$1,000,000 (the "Option Price") exercisable for a period of 30 years commencing May 29, 2007. On each anniversary date of the Crider Option Agreement on which the option has not been exercised, the Option Price shall increase by \$100,000. At such time as VirginiaCo has exhausted all of the Reserved Minerals, or, if earlier, has permanently ceased all activities relating to the exploration, development or mining of the Reserved Minerals, the Criders shall have the right to repurchase the Crider Lands for a nominal amount.

The Marline Property

Pursuant to the terms of a Purchaser's Acknowledgement and Contract of Sale dated July 14, 2007, Walter Coles, Sr., the Chairman and a Director of the Company, purchased land located in Pittsylvania County, Virginia (the "Marline Property"), for a purchase price of \$36,217, subject to all easements, conditions and restrictions of record as are applicable to such land. On August 7, 2007, Walter Coles, Sr. irrevocably and unconditionally assigned to Southside all his right, title and interest to acquire the Marline Property, including all rights in and to any minerals on the Marline Property for total consideration of \$10.

The Holmes Property

Pursuant to the terms of two land acquisition agreements (the "Holmes Acquisition Agreements") dated October 1, 2007 between Mollie H. Holmes ("Holmes") and Southside, Southside purchased land non-contiguous to the Coles Hill Property (the "Holmes Property"). As consideration for the Holmes Property, Southside paid an aggregate sum of \$1,436,886 (purchase price of \$1,425,000 plus \$11,886 in expenses) at closing, which occurred October 10, 2007.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

The Holmes Property (Continued)

Pursuant to the Holmes Acquisition Agreements, Holmes retained all mineral rights to the Holmes Property, to be conducted by underground mining (the “Holmes Reserved Minerals”). Holmes also retained an option to lease the Holmes Property from Southside for a period of five years. Holmes exercised this option by letter agreement dated October 10, 2007.

In addition, Holmes granted Southside an option to lease the Holmes Reserved Minerals for a period of 20 years from the date of exercise of such option (the “Holmes Option”). Southside (or its successors in interest) may exercise the Holmes Option at any time prior to 2045 upon written notice to Holmes. If the Holmes Option is exercised, Southside shall have the right to remove and sever all Holmes Reserved Minerals from the Holmes Property. In the event such Holmes Reserved Minerals are extracted, Southside shall pay to Holmes a royalty of 3% for sales of Holmes Reserved Minerals at a realized price per pound of less than \$30, 4% for sales of Holmes Reserved Minerals at a realized price per pound at or greater than \$30, but less than \$100, and 5% for sales of Holmes Reserved Minerals at a realized price per pound at or greater than \$100. Moreover, if Southside ceases mining operations in Pittsylvania County, Virginia, or elects to sell the Holmes Property, the Holmes family shall have the right to repurchase the Holmes Property for the then fair market value determined based on the property being used for agricultural purposes.

The Timberland Property

Pursuant to a contract for the purchase and sale of property dated October 12, 2007 between Southside and the Illinois Municipal Retirement Fund (“IMRF”), Southside purchased land located in the Banister District of Pittsylvania County (the “Timberland Property”). As consideration for the Timberland Property, Southside paid an aggregate sum of \$1,406,202 on closing, which occurred October 31, 2007. On closing, IMRF conveyed to Southside good and marketable fee simple title to the Timberland Property by special warranty deed, free and clear of all liens, encumbrances and deeds, subject to certain permitted encumbrances

The Martin Property

Pursuant to a contract (the “Martin Contract”) for the purchase and sale of property dated October 24, 2007 between Southside and Barbara B. Martin (“Martin”), Southside purchased land contiguous to the Coles Hill Property (the “Martin Property”). As consideration for the Martin Property, Southside paid an aggregate sum of \$501,273 on closing. Pursuant to the Martin Contract, Martin has retained all mineral rights to the Martin Property, to be conducted by underground mining (the “Martin Reserved Minerals”).

Martin has granted to Southside an option to lease the Martin Reserved Minerals (the “Martin Option”). Southside (or its successors in interest) may exercise such option at any time prior to 2045 upon written notice to Martin. If the Martin Option is exercised, Southside shall have the right to remove and sever all Martin Reserved Minerals from the Martin Property. In the event such Martin Reserved Minerals are extracted, Southside shall pay to Martin a royalty of 3% for sales of Martin Reserved Minerals at a realized price per pound of less than \$30, 4% for sales of Martin Reserved Minerals at a realized price per pound at or greater than \$30, but less than \$100, and 5% for sales of Martin Reserved Minerals at a realized price per pound at or greater than \$100. Moreover, if Southside ceases mining operations in Pittsylvania County, Virginia, or elects to sell the Martin Property, Martin shall have the right to repurchase the Martin Property for the then fair market value determined based on the property being used for agricultural purposes.

VIRGINIA ENERGY RESOURCES INC.
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2015 and 2014
(Unaudited - expressed in US dollars)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

The Jackson Property

Pursuant to a contract for the purchase and sale of property dated February 4, 2011, Southside purchased a parcel of land in Pittsylvania County (the "Jackson Property"). As consideration for the Jackson Property, Southside paid an aggregate sum of \$806,206 on closing.

The Otish Mountain Property

The Company held a 100% interest in several blocks of mineral claims in the Otish Mountains of northern Quebec.

The Company recognized an impairment loss of \$3.5M in 2012 against the Otish mineral properties, which was equivalent to its carrying value, and included the exploration and evaluation expenditures and field equipment for the Otish mineral property. In January 2015, the Company transferred ownership of Otish Minerals Ltd., whose primary asset is the Otish property in central Quebec, back to Anthem in full satisfaction of its indebtedness to Anthem of \$3,592,827 (CAD \$3.9 million and accrued interest) and recorded a gain on forgiveness of debt of \$3,588,597.

7. EQUIPMENT

| Cost | | Total |
|---------------------------------|-----------|---------------|
| Balance, December 31, 2013 | \$ | 51,986 |
| Acquired during the year | | - |
| Balance, December 31, 2014 | | 51,986 |
| Acquired during the period | | - |
| Balance, March 31, 2015 | \$ | 51,986 |
| Accumulated Amortization | | |
| Balance, December 31, 2013 | \$ | 30,935 |
| Charge for the year | | 24,987 |
| Balance, December 31, 2014 | | 50,467 |
| Charge for the period | | 444 |
| Balance, March 31, 2015 | \$ | 50,911 |
| Carrying Amounts | | |
| At December 31, 2013 | \$ | 21,051 |
| At December 31, 2014 | \$ | 1,519 |
| At March 31, 2015 | \$ | 1,075 |

8. CAPITAL STOCK

(a) Authorized

Unlimited number of common shares without par value

(b) Issued and outstanding

As of March 31, 2015 and December 31, 2014 there were 57,230,614 common shares issued and outstanding.

(c) Private placement

On January 28, 2013, the Company issued 24,079,858 common shares for total gross proceeds \$10,084,900 (CAD\$10,113,540), of which, 15,235,239 common shares were issued for gross cash proceeds of \$6,396,873 (CAD\$6,398,800) and 8,844,619 common shares were issued in exchange for 437,028 common shares of Energy Fuels Inc. (refer to note 5). Finders' fees of \$211,707 were incurred on a portion of the financing. In addition, 26,221 Energy Fuels Inc. common shares fair valued at \$217,195 were transferred to a third party as finder's fees.

(d) Escrow shares

As at March 31, 2015 there were 1,815,183 common shares respectively held in escrow. As a Tier 2 Issuer (as defined in TSX-V Policy 1.1), pursuant to the Arrangement on September 27, 2012, common shares held by insiders were escrowed and released over 36 months.

While in escrow, the shares may be voted but may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the consent of the regulatory authorities.

(e) Stock options

In connection with the Arrangement, options held in Anthem Resources Incorporated ("Anthem"), were distributed from Virginia under the same terms as the share issue totaling 586,500 options exercisable in post consolidation amounts, of which, 361,500 have expired. The remaining 225,000 have exercise amounts ranging from CAD\$1.59 to CAD\$2.80 expiring at dates starting from November 11, 2015 to November 15, 2016.

On April 30, 2013, the Company granted 3,029,700 stock options to directors, officers and consultants, exercisable at CAD\$0.42 until April 30, 2018 of which, 675,000 have cancelled. The options have an estimated fair value of CAD\$0.17 per option. In accordance with regulations, all but the options granted to an investor relations person that required vesting over 24 months, were vested on the award date and the Company recorded a share-based payment expense of \$480,059 in 2013 and the remaining \$1,817 in the three months ended March 31, 2014.

VIRGINIA ENERGY RESOURCES INC.
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2015 and 2014
(Unaudited - expressed in US dollars)

8. CAPITAL STOCK (continued)

(e) Stock options (continued)

The following weighted average assumptions were used in the calculation of fair value of granted options:

| | |
|--|---------|
| Risk-free interest rate | 1.16% |
| Expected life | 5 years |
| Annualized volatility [based on similar companies] | 95.0% |
| Dividend rate | 0.00% |

Stock option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

Stock option transactions are summarized as follows:

| Stock Options | | |
|--|------------------------------|--|
| | Number of Options | Weighted Average Exercise Price (CAD\$) |
| Outstanding, December 31, 2013 | 3,404,700 | \$ 0.55 |
| Expired | (490,000) | (\$ 0.63) |
| Outstanding, December 31, 2014 | 2,914,700 | \$ 0.56 |
| Expired | (335,000) | (\$ 0.63) |
| Outstanding, March 31, 2015 | 2,579,700 | \$ 0.52 |
| Number exercisable/fully vested | 2,579,700 | \$ 0.52 |

As at March 31, 2015, the Company had the following outstanding stock options:

| Number | Exercise Price (CAD\$) | Date of Expiry |
|------------------|-----------------------------------|-----------------------|
| 220,000 | \$ 1.59 | November 11, 2015 |
| 5,000 | \$ 2.80 | November 15, 2016 |
| 2,354,700 | \$ 0.42 | April 30, 2018 |
| 2,579,700 | | |

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has exposure to the following risks associated with its financial instruments:

Fair Value Risk

The carrying values for financial instruments, including cash and cash equivalents, commodity taxes receivable, due from related party and accounts payable and accrued liabilities approximate fair values due to their short-term maturities.

Liquidity Risk and Fair Value Hierarchy

The Company manages its liquidity risk by preparing and monitoring forecasts of cash expenditures to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's accounts payable and accrued liabilities generally have maturities of less than 90 days.

Currency Risk

The Company operates in the United States and Canada and is exposed to foreign exchange risk as certain expenditures are denominated in non-US dollar currencies. Canadian dollar denominated balances generated foreign exchange gains and losses that are reported on the Statement of Loss and Comprehensive Loss. A strengthening or weakening of 1% in the U.S. dollar against the Canadian dollar would not have a material impact on net loss.

The balances listed below are the Canadian dollar denominated balances of their reported US dollar equivalent.

| Canadian dollar accounts | March 31, 2015 | December 31, 2014 |
|--|-----------------------|--------------------------|
| Cash and cash equivalents | \$ 1,775,476 | \$ 1,830,258 |
| Commodity taxes receivable | 1,763 | 3,061 |
| Accounts payable and accrued expenses | (88,150) | (92,285) |
| Note payable to related party –see Note 11 | - | (4,164,452) |
| | \$ 1,689,089 | \$ (2,423,418) |

Interest Rate Risk

The Company has cash balances and deposits at fixed rates. The Company currently invests its excess cash in money market accounts and certificate of deposits held by United States and Canadian banking institutions. The Company manages its interest rate risk on these investments by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash and cash equivalents do not have a significant impact on the Company's results of operations due to the short term maturity of the investments. The effect of a one basis point increase or decrease on the short-term investments to net loss is not material.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Credit Risk

The Company has no significant concentration of credit risk arising from operations. Cash equivalents consist of money market accounts that have been invested with United States and Canadian banking institutions with short-term maturities. Management believes the risk of loss is remote. Accounts receivable consist of amounts due from related parties and commodity taxes primarily of goods and services tax due from the Federal Government of Canada. The maximum exposure to credit risk is limited to amounts shown on the balance sheet.

10. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development programs on its mineral properties. The Company manages its capital structure, consisting of shareholders' equity \$26,009,345 and makes adjustments to it, based on funds available to the Company, in order to support the exploration and development of its mineral properties. The Company relies primarily on the issuance of common shares for its capital requirements. All of the Company's cash and cash equivalents are available for exploration and development programs and administrative operations. The Company has not changed its approach to capital management during the current period, and is not subject to any external capital restrictions.

11. RELATED PARTY TRANSACTIONS

Related party transactions are measured in the normal course of business at the exchange amount as agreed by the parties.

Due from related parties consists of \$233,750 and \$208,570 due from Anthem and \$33,238 and \$25,296 from Skeena Resources Ltd. ("Skeena") at March 31, 2015 and December 31, 2014 respectively for reimbursement of certain operating expenses. The Company and Anthem and Skeena have common officers.

Note Payable to related party as at December 31, 2014 consists of a Note Payable to Anthem of \$3,592,827 (\$3,900,000 CAD and accrued interest) exchanged in the acquisition of the Otish property. Included in the loan balance is accrued interest on the Note Payable in the amount of \$228,153. The note is secured by the shares of Otish Minerals Ltd., which holds title to the Otish mineral claims. In January 2015, the Company transferred ownership of Otish Minerals Ltd., whose primary asset is the Otish property in central Quebec, back to Anthem in full satisfaction of its indebtedness to Anthem of \$3,592,827 (CAD \$3.9 million and accrued interest) and recorded a gain on forgiveness of debt of \$3,588,597.

The key management personnel of the Company are the directors and officers of the Company. Compensation awarded to officers and directors for the three months ended March 31, 2015 and 2014 are as follows:

| Salaries and consulting fees | 2015 | | 2014 | |
|-------------------------------------|-------------|--------|-------------|--------|
| Officers | \$ | 22,787 | \$ | 44,235 |
| Directors (for legal services) | \$ | 2,563 | \$ | 9,000 |