



VIRGINIA ENERGY RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 and 2013

(expressed in US dollars)

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated 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 primarily 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
April 24, 2015



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Virginia Energy Resources Inc.

We have audited the accompanying consolidated financial statements of Virginia Energy Resources Inc., which comprise the consolidated statement of financial position as at December 31, 2014 and December 31, 2013, the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Virginia Energy Resources Inc. as at December 31, 2014 and December 31, 2013, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single, long, horizontal stroke that tapers at both ends, serving as a decorative underline.

Chartered Professional Accountants, Licensed Public Accountants

April 24, 2015
Toronto, Canada

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

		December 31, 2014	December 31, 2013
	Note		[Note 5]
Assets			
Current			
Cash and cash equivalents		\$ 2,150,319	\$ 1,141,230
Commodity taxes receivable		2,641	4,399
Due from related parties	12	233,866	153,892
Other assets		36,170	35,730
Marketable securities	6	-	1,738,058
		2,422,996	3,073,309
Exploration and evaluation assets	7	24,084,717	24,084,717
Equipment	8	1,519	21,051
Total assets		\$ 26,509,232	\$ 27,179,077
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 100,586	\$ 173,047
		100,586	173,047
Note payable to related party	12, 14	3,592,827	3,805,414
Total liabilities		3,693,413	3,978,461
Shareholders' equity			
Capital stock	9	50,621,328	50,621,328
Contributed surplus		482,394	480,577
Accumulated other comprehensive income		887,922	57,660
Deficit		(29,175,825)	(27,958,949)
Total shareholders' equity		22,815,819	23,200,616
Total liabilities and shareholders' equity		\$ 26,509,232	\$ 27,179,077

Subsequent event 7, 14

See accompanying notes to consolidated financial statements

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

"Harold Roberts" (signed)

"Norman Reynolds" (signed)

VIRGINIA ENERGY RESOURCES INC.
Consolidated Statements of Loss and Comprehensive Loss
(expressed in US dollars)

	Note	For the years ended	
		December 31	
		2014	2013
Expenses			[Note 5]
Compensation and benefits		\$ 524,648	\$ 965,956
Share based compensation	9(e)	1,817	480,577
Public relations		10,130	538,282
Professional fees		261,019	1,879,347
Technical expense		146,795	299,458
General and administrative		297,835	821,297
Amortization	8	19,532	24,987
Impairment of exploration and evaluation assets	7	-	3,517,816
Loss before other items		(1,261,776)	(8,527,720)
Other income (loss)			
Interest income		20,643	5,787
Interest expense		(105,962)	(121,148)
Gain (loss) on sale of marketable securities	6	(66,937)	57,790
Other income		20,427	18,041
Foreign exchange		176,729	109,640
		44,900	70,110
Net loss		(1,216,876)	(8,457,610)
Other comprehensive income (loss)			
Items that may be reclassified to profit or loss:			
Transfer of realized gains on sale of marketable securities	6	830,262	-
Change in fair value of available-for-sale marketable securities		-	(830,262)
		830,262	(830,262)
Net loss and comprehensive loss for the year		(386,614)	(9,287,872)
Basic and diluted loss per share		\$ (0.01)	\$ (0.16)
Weighted average number of common shares outstanding		57,230,614	55,623,049

See accompanying notes to consolidated financial statements

VIRGINIA ENERGY RESOURCES INC.
Consolidated Statement of Changes in Shareholders' Equity
(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, 2012	33,150,756	\$ 40,965,330	\$ 887,922	\$ -	\$ (19,501,339)	\$ 22,351,913
Shares issued for cash				-		
Private placements	15,235,239	6,396,873	-	-	-	6,396,873
Share issue costs	-	(211,707)	-	-	-	(211,707)
Shares issued for marketable						
Private placements	8,844,619	3,688,027	-	-	-	3,688,027
Share issue costs	-	(217,195)	-	-	-	(217,195)
Change in fair value of available-for- sale marketable securities	-	-	(830,262)	-	-	(830,262)
Share-based compensation	-	-	-	480,577	-	480,577
Net loss for year	-	-	-	-	(8,457,610)	(8,457,610)
Balance, December 31, 2013	57,230,614	50,621,328	57,660	480,577	(27,958,949)	23,200,616
Transfer of realized gain on sale of marketable securities	-	-	830,262	-	-	830,262
Share based compensation	-	-	-	1,817	-	1,817
Net loss for year	-	-	-	-	(1,216,876)	(1,216,876)
Balance, December 31, 2014	57,230,614	\$ 50,621,328	\$ 887,922	\$ 482,394	\$ (29,175,825)	\$ 22,815,819

See accompanying notes to consolidated financial statements

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

	For the years ended		
	December 31		
	2014	2013	[Note 5]
Cash from operating activities			
Net loss	\$ (1,216,876)	\$ (8,457,610)	
Non-cash items:			
Amortization	19,532	24,987	
Impairment of exploration and evaluation assets	-	3,517,816	
Share based compensation	1,817	480,577	
Loss (gain) on sale of marketable securities	66,937	(57,790)	
Foreign exchange on note payable	(296,044)	(241,153)	
Net changes in non-cash working capital items			
Other assets	(440)	(2,086)	
Commodity taxes receivable	1,758	31,723	
Accounts payable and accrued liabilities	(72,461)	(1,060,863)	
Accrued interest on note payable to related party	83,457	114,089	
Due from related parties	(79,974)	(71,985)	
Cash used in operating activities	(1,492,294)	(5,722,295)	
Financing activities			
Net proceeds from the issuance of capital stock	-	6,185,166	
Repayment of loan to related party	-	(742,421)	
Net proceeds from sale of marketable securities	2,501,383	942,372	
Cash provided from financing activities	2,501,383	6,385,117	
Investing activities			
Purchase of equipment	-	(1,575)	
Cash provided (used in)/from investing activities	-	(1,575)	
Net increase in cash and cash equivalents	\$ 1,009,089	\$ 661,247	
Cash and cash equivalents beginning of the year	1,141,230	479,983	
Cash and cash equivalents end of the year	\$ 2,150,319	\$ 1,141,230	

See accompanying notes to consolidated financial statements

VIRGINIA ENERGY RESOURCES INC.
Notes to the Consolidated Financial Statements
December 31, 2014 and 2013
(expressed in US dollars)

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
Otish Minerals Ltd. – refer to Note 14	Exploration and development of uranium deposits	British Columbia

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 consolidated 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 consolidated financial statements were authorized for issuance by the Company’s Board of Directors on April 24, 2015.

2. BASIS OF PRESENTATION (Continued)

Basis of measurement

These consolidated 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 consolidated 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 consolidated financial statements are presented in US dollars, which is the functional currency of the Company and its subsidiaries except for Otish Minerals Ltd. which has the Canadian dollar as its functional currency.

Use of estimates and judgments

The preparation of consolidated 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 consolidated 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.
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3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents is comprised of cash on hand and demand deposits with an original term of three months or less at the date of acquisition.

Exploration and evaluation assets

The Company capitalizes the costs of acquiring licenses for the right to explore at cost as exploration and evaluation assets. Subsequent to the acquisition, all direct and indirect costs related to the exploration and development of exploration and evaluation assets are expensed.

The exploration and evaluation assets remain capitalized until the exploration and evaluation assets to which they relate are placed into production, disposed of through sale or where management has determined there to be impairment. If an exploration and evaluation property interest is abandoned, the acquisition costs capitalized will be written off to operations in the period of abandonment.

At each reporting date, exploration and evaluation assets are reviewed on a property by property basis to consider if there is any indicator of impairment. If any indication of impairment exists, an estimate of the exploration and evaluation assets' recoverable amount is calculated. The recoverable amount is determined as the fair value less costs of disposal for the exploration and evaluation property interest and their value in use. The fair value less costs of disposal and the value in use are determined for an individual exploration and evaluation property interest, unless the exploration and evaluation property interest does not generate cash inflows that are largely independent of other exploration and evaluation property interests. If this is the case, the exploration and evaluation property interests are grouped together into cash generating units ("CGUs") for impairment purposes.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

The Company's determination for impairment is also based on:

- (i) whether the exploration programs on the exploration and evaluation assets have significantly changed, such that previously identified resource targets are no longer being pursued;
 - (ii) whether exploration results to date are promising and whether additional exploration work is being planned in the foreseeable future; and
 - (iii) whether remaining claim tenure terms are insufficient to conduct necessary studies or exploration work.
- Where impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate and its recoverable amount, up to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is recognized in the period in which that determination was made in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment

Equipment, comprised of computer equipment, is stated at cost, net of accumulated amortization. Amortization is provided using the straight-line method at the rate of 30% per annum. Long-lived assets, including fixed assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to its recoverable amount, being the higher of fair value less costs of disposal and value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the asset. Assets to be disposed of would be separately presented in the consolidated statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer amortized. The assets and liabilities of a disposed group classified as held-for-sale would be presented separately in the appropriate asset and liability sections of the consolidated statement of financial position.

Reclamation liabilities

Reclamation liabilities are legal obligations associated with the retirement of long-lived assets that the Company is required to settle. The Company recognizes a provision for these costs as the related disturbances occur, using the best estimate of future costs based on information available at the statement of financial position date, including an adjustment for risk when there is significant variability in possible outcomes. The Company discounts the provision using a current inflation adjusted pre-tax risk-free interest rate and includes the accretion of the discounted amount over time in finance costs in the consolidated statement of loss and comprehensive loss. The carrying amount of the related long-lived asset is increased by the same amount as the liability. At December 31, 2014, the Company had not undertaken disturbances which would require recognition of a reclamation liability.

Share-based payments

Compensation costs, related to the issuance of options to employees, are measured at the grant date based on the fair value of the options and recognized over the related vesting periods as an expense in the consolidated statement of loss and comprehensive loss and credited to share-based payment reserve within shareholders' equity. Consideration paid by employees when the options are exercised, as well as the fair value at the grant date of options exercised, is added to capital stock.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange in effect at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All exchange differences are recorded in the foreign exchange gain or loss in the consolidated statement of loss and comprehensive loss under foreign exchange gain/loss. When the gain or loss on certain non-monetary items, such as marketable securities, is recognized in Other Comprehensive Income ("OCI"), the translation differences are also recognized in OCI.

VIRGINIA ENERGY RESOURCES INC.
Notes to the Consolidated Financial Statements
December 31, 2014 and 2013
(expressed in US dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation (Continued)

The results and financial position of the Company's subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
2. Share capital is translated using the exchange rate at the date of the transaction;
3. Revenue and expenses for each statement of comprehensive income (loss) are translated at average exchange rates; and
4. All resulting exchange differences are recognized as a separate component of equity and as an exchange difference on translation of foreign operations in other comprehensive income (loss) in the consolidated statement of comprehensive income (loss).

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

Cash and cash equivalents	Financial asset at fair value through profit and loss
Commodity taxes receivable	Loans and receivables
Due from related party	Loans and receivables
Marketable securities	Available-for-sale financial asset
Accounts Payable & Accrued Liabilities	Other financial liabilities
Loan payable to related party	Other financial liabilities
Note payable to related party	Other financial liabilities

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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

Financial assets are classified as FVTPL when the financial asset is held-for-trading or is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method.

Available-for-sale financial asset ("AFS")

AFS financial assets are non-derivatives that are either designated as AFS or not classified in any of the other financial assets categories. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive income and classified as a component of equity. Sales of financial assets are accounted for at trade date.

Other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the consolidated statement of loss and comprehensive loss over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the consolidated statement of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recognized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

Earnings (loss) per share

Basic earnings (loss) per share are calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

VIRGINIA ENERGY RESOURCES INC.
Notes to the Consolidated Financial Statements
December 31, 2014 and 2013
(expressed in US dollars)

4. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods after December 31, 2013. Pronouncements that are not applicable to the Company have been excluded from those described below. The following new standards have been adopted effective January 1, 2014:

- i) IAS 32 Financial Instruments: Presentation has been amended to clarify when an entity has a legally enforceable right to off-set financial assets and liabilities if that right is not contingent on a future event and it is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The adoption of this amendment has no significant impact on the Company’s financial statements.

The following new standards, and amendments to standards and interpretations, were not yet effective for the year ended December 31, 2014, and have not been applied in preparing these consolidated 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.

5. 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 loss, 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:

	As at December 31, 2013	Adjustment	Recasted at December 31, 2013
Statement of Financial Position			
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)

VIRGINIA ENERGY RESOURCES INC.
Notes to the Consolidated Financial Statements
December 31, 2014 and 2013
(expressed in US dollars)

6. 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 107,370 Energy Fuels Inc. common shares during the year ending December 31, 2013 for a gain of \$57,790. The remaining 303,436 common shares were designated as available-for-sale securities and had a fair value of \$1,738,058 (CAD\$1,847,925) at December 31, 2013 and the unrealized loss of \$830,262 was recorded through Accumulated other Comprehensive Income.

The Company sold the remaining 303,436 Energy Fuels Inc. common shares during the year ending December 31, 2014 for a loss of \$66,937. The unrealized loss on the shares recognized in 2013 of \$830,262 has been realized within net loss in 2014.

7. 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.

7. EXPLORATION AND EVALUATION ASSETS (Continued)

The Coles Lease and the Bowen Lease (Continued)

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.

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.

7. EXPLORATION AND EVALUATION ASSETS (Continued)

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.

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

7. EXPLORATION AND EVALUATION ASSETS (Continued)

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.

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. Some of the claims are subject to NSRs between 1.5% and 2.0%, of which portions may be acquired for consideration of up to CAD \$2,000,000.

On March 28, 2013, the Company learned that the Government of Quebec will conduct an impact study on the exploration and development of uranium in the province. The Bureau d'Audiences Publiques sur l'Environnement has been given a mandate to conduct the study but no time frame has been provided. Until the study is completed, the Government stated that no certificates of authorization will be issued for the exploration or development of uranium in Quebec. Further exploration on the Company's Otish Mountain uranium project will be suspended until such time that the Quebec government completes this evaluation.

The Company has recognized an impairment loss of \$3.5M against the Otish mineral properties, which is equivalent to its carrying value, and included the exploration and evaluation expenditures and field equipment for the Otish mineral property. Subsequent to the year ended December 31, 2014, 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).

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8. EQUIPMENT

Cost		Total
Balance, December 31, 2012	\$	50,411
Acquired during the year		1,575
Balance, December 31, 2013		51,986
Acquired during the year		-
Balance, December 31, 2014	\$	51,986
Accumulated Amortization		
Balance, December 31, 2012	\$	5,948
Charge for the year		24,987
Balance, December 31, 2013		30,935
Charge for the year		19,532
Balance, December 31, 2014	\$	50,467
Carrying Amounts		
At December 31, 2012	\$	44,463
At December 31, 2013	\$	21,051
At December 31, 2014	\$	1,519

9. CAPITAL STOCK

(a) Authorized

Unlimited number of common shares without par value

(b) Issued and outstanding

As of December 31, 2014 and 2013 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 6). 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.

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9. CAPITAL STOCK (continued)

(d) Escrow shares

As at December 31, 2014 and December 31, 2013, there were 3,577,625 and 7,065,127 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, 301,500 have expired. The remaining 285,000 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. 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 \$1,817 in the year ended December 31, 2014 and \$480,059 in 2013.

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.

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9. CAPITAL STOCK (continued)

(e) Stock options (continued)

Stock option transactions are summarized as follows:

Stock Options		
	Number of Options	Weighted Average Exercise Price (CAD\$)
Outstanding, December 31, 2012	586,500	\$ 1.98
Granted	3,029,700	\$ 0.42
Expired	(211,500)	(\$ 2.62)
Outstanding, December 31, 2013	3,404,700	\$ 0.55
Expired	(490,000)	(\$ 0.63)
Outstanding, December 31, 2014	2,914,700	\$ 0.56
Number exercisable/fully vested	2,914,700	\$ 0.56

As at December 31, 2014, the Company had the following outstanding stock options:

Number	Exercise Price (CAD\$)	Date of Expiry
275,000	\$ 1.59	November 11, 2015
10,000	\$ 2.80	November 15, 2016
2,629,700	\$ 0.42	April 30, 2018
2,914,700		

(f) Warrants

The derivative obligations on Anthem warrants exercisable at \$1.80, which if exercised would have obligated the Company to issue 1,035,542 shares for cash proceeds of 10% of the proceeds received by Anthem, expired during the year ended December 31, 2014.

10. 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.

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10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

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	December 31, 2014	December 31, 2013
Cash and cash equivalents	\$ 1,830,258	\$ 954,306
Commodity taxes receivable	3,061	4,677
Marketable securities	-	1,847,954
Accounts payable and accrued expenses	(92,285)	(220,818)
Note payable to related party –see Note 14	(4,164,452)	(4,047,452)
	<u>\$ (2,423,418)</u>	<u>\$ (1,461,333)</u>

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.

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 and The maximum exposure to credit risk is limited to amounts shown on the balance sheet at December 31, 2014.

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11. 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 \$22,519,775, 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.

12. 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 \$208,570 due from Anthem and \$25,296 from Skeena Resources Ltd. ("Skeena") for reimbursement of certain operating expenses. The Company and Anthem and Skeena have common officers.

Note Payable to related party 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. The note bears interest at the rate of 3% per annum and matures on August 20, 2015. 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. The Company agreed to transfer the Otish Minerals Ltd. shares and the claims to Anthem in full satisfaction of the Note Payable. The transaction occurred subsequent to the year ended December 31, 2014. See Note 14.

An officer and director of the Company was paid \$23,771 (2013 - \$108,333) for legal services provided to the Company.

The key management personnel of the Company are the directors and officers of the Company. Compensation awarded to officers and directors for the years ended December 31, 2014 and 2013 are as follows:

Salaries and consulting fees	2014	2013
Officers	\$ 280,884	\$ 389,273
Directors	\$ 23,771	\$ 35,000

Share-based compensation expense	2014	2013
Officers	\$ -	\$ 71,277
Directors	\$ -	\$ 225,090

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13. INCOME TAXES

Reconciliation of effective tax rate:

The provision for income tax differs from the amount that would have resulted by applying the combined Canadian Federal and British Columbia statutory income tax rates of 26% (2013 - 25%).

	2014	2013
Loss before income taxes	\$ (1,216,876)	\$ (8,457,610)
Income tax recovery at statutory rates	26.00%	26.00%
Income tax expense (recovery) at statutory rates	(316,388)	(2,261,678)
Expenses not tax deductible	25,833	616,480
Impact of difference in foreign tax rates	(130,233)	(464,181)
Change in unrecognized deductible temporary differences	466,737	2,074,772
Foreign exchange	(45,949)	(28,092)
Income tax expense	\$ -	\$ -

Unrecognized deferred tax assets:

Deferred income tax assets have not been recognized in respect of the following items:

	2014	2013
Deductible temporary difference – mineral properties and capital assets	\$ 6,880,173	\$ 6,982,734
Deductible temporary differences – other	306,208	722,665
Loss carry forwards	25,512,339	24,613,316
Net deferred income tax assets (liabilities)	\$ 32,698,720	\$ 32,318,715

The tax losses not recognized expire as per the amount and year noted below. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items either because it is not probable that future taxable profit would be available against which the Company can utilize the benefits therefrom or the initial recognition exemption prohibits recognition.

Non-Capital Losses

As at December 31, 2014, the Company had the following income tax attributes to carry forward:

	Amounts	Available to
Canada	\$ 3,597,449	2026 – 2034
USA	21,932,890	2026 – 3034
	\$ 25,530,339	

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14. SUBSEQUENT EVENT

On January 9, 2015 the Company transferred ownership of Otish Minerals Ltd., whose primary asset is the Otish property in central Quebec, back to Anthem Resources Inc. in full satisfaction of its indebtedness to Anthem of \$3,592,827 (CAD \$3.9 million and accrued interest).
