



**VIRGINIA ENERGY RESOURCES INC.**

**(formerly Virginia Uranium Ltd.)**

*(an exploration stage enterprise)*

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**THREE MONTHS ENDED MARCH 31, 2013 and 2012**

(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 primarily of non-management directors. The Audit Committee reviews the condensed consolidated interim 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 29, 2013

**VIRGINIA ENERGY RESOURCES INC. (formerly Virginia Uranium Ltd.)**  
**Consolidated Statements of Financial Position**  
**(unaudited - expressed in US dollars)**

		<b>March 31, 2013</b>	<b>December 31, 2012</b>
	Note		
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 3,577,337	\$ 479,983
Commodity taxes receivable		56,646	36,122
Due from related party	10	71,257	81,997
Other assets		36,397	33,644
		<u>3,741,637</u>	<u>631,746</u>
<b>Exploration and evaluation assets</b>	4	24,084,717	27,602,533
<b>Equipment</b>	5	39,810	44,463
<b>Marketable securities</b>	3	3,473,281	-
		<u>31,339,445</u>	<u>28,278,742</u>
<b>Total assets</b>		<b>\$ 31,339,445</b>	<b>\$ 28,278,742</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 488,231	\$ 1,233,910
Share issue costs payable	6	206,156	
Loan payable to related party	10	-	742,421
		<u>694,387</u>	<u>1,976,331</u>
<b>Note payable to related party</b>	10	3,979,250	3,950,498
<b>Total liabilities</b>		<u>4,673,637</u>	<u>5,926,829</u>
<b>Shareholders' equity</b>			
Capital stock	6	50,621,328	40,965,330
Accumulated other comprehensive income		684,216	887,922
Deficit		(24,639,736)	(19,501,339)
<b>Total shareholders' equity</b>		<u>26,665,808</u>	<u>22,351,913</u>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 31,339,445</b>	<b>\$ 26,302,411</b>

Subsequent events (Note 11)

See accompanying notes to condensed consolidated interim financial statements

**VIRGINIA ENERGY RESOURCES INC. (formerly Virginia Uranium Ltd.)**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**March 31, 2013 and 2012**  
**(unaudited - expressed in US dollars)**

	Note	For the three months ended	
		March 31	
		2013	2012
<b>Expenses</b>			
Compensation and benefits		\$ 312,044	\$ -
Public relations		167,958	-
Professional fees		708,738	-
Technical expense		49,970	-
General and administrative		289,398	-
Amortization		6,228	-
Impairment of exploration and evaluation assets	4	3,517,816	-
<b>Loss before other items</b>		<b>(5,052,152)</b>	
<b>Other income (loss)</b>			
Interest income		1,411	-
Interest expense		(36,183)	-
Other income		7,525	-
Foreign exchange		(58,998)	-
		(86,245)	-
<b>Net loss</b>		<b>(5,138,397)</b>	
<b>Other comprehensive loss</b>			
Change in unrealized loss on investment		(203,706)	-
<b>Net loss and comprehensive loss for the period</b>		<b>(5,342,103)</b>	
<b>Basic and diluted loss per share</b>		<b>\$ (0.11)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>		<b>49,739,103</b>	<b>9,751,427</b>

See accompanying notes to condensed consolidated interim financial statements

**VIRGINIA ENERGY RESOURCES INC. (formerly Virginia Uranium Ltd.)**  
**Consolidated Statement of Cash Flows**  
**(unaudited - expressed in US dollars)**

	Capital Stock		Accumulated Other Comprehensive Income	Deficit	Total Shareholders' Equity
	Common Shares	Amount			
Balance, December 31, 2011	9,751,427	\$ 19,824,144	\$ 565,530	\$ (11,934,943)	\$ 8,454,731
Net loss for the three months	-	-	-	-	-
Balance, March 31, 2012	9,751,427	19,824,144	565,530	(11,934,943)	8,454,731
Shares issued on acquisition of VAUH (note 5)	23,399,329	21,141,186	-	-	21,141,186
Net loss for the nine months	-	-	-	(7,566,396)	(7,566,396)
Reclassification on acquisition of control of VAUH	-	-	322,392	-	322,392
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 securities					
Private placements	8,844,619	3,688,027	-	-	3,688,027
Share issue costs	-	(217,195)	-	-	(217,195)
Unrealized loss on available- for-sale securities	-	-	(203,706)	-	(203,706)
Net loss for three months	-	-	-	(5,138,397)	(5,138,397)
Balance, March 31, 2013	57,230,614	\$ 50,621,328	\$ 684,216	\$ (24,639,736)	\$ 26,665,808

See accompanying notes to condensed consolidated interim financial statements

**VIRGINIA ENERGY RESOURCES INC. (formerly Virginia Uranium Ltd.)**  
**Consolidated Statement of Cash Flows**  
**(unaudited - expressed in US dollars)**

	For the three months ended	
	March 31	
	2013	2012
<b>Cash from operating activities</b>		
Net loss	\$ (5,138,397)	-
Non-cash items:		
Amortization	6,228	-
Impairment of exploration and evaluation assets	3,517,816	-
Net changes in non-cash working capital items:		
Other assets	(2,753)	-
Commodity taxes receivable	(20,524)	-
Accounts payable and accrued liabilities	(745,679)	-
Accrued interest on note payable from related party	28,752	-
Due from related party	10,740	-
<b>Cash used in operating activities</b>	(2,343,817)	-
<b>Financing activities</b>		
Proceeds from the issuance of capital stock	6,185,166	-
Payment of loan from related party	(742,421)	-
<b>Cash provided from financing activities</b>	5,442,745	-
<b>Investing activities</b>		
Purchase of equipment	(1,575)	-
<b>Net increase (decrease) in cash and cash equivalents</b>	\$ 3,097,353	\$ -
<b>Cash and cash equivalents beginning of the period</b>	479,984	-
<b>Cash and cash equivalents end of the period</b>	\$ 3,577,337	\$ -

See accompanying notes to condensed consolidated interim financial statements

## **VIRGINIA ENERGY RESOURCES INC. (formerly Virginia Uranium Ltd.)**

### **Notes to the Condensed Consolidated Interim Financial Statements**

**March 31, 2013 and 2012**

**(unaudited - 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, United States and exploration of uranium in Quebec. 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. and its subsidiaries and Otish Minerals Ltd. (note 4). Prior to September 27, 2012, the Company held an investment in VA Uranium Holdings Inc.

Details of the Company's subsidiaries at March 31, 2013 are as follows:

Name of Subsidiary	Nature of Operations	Place of Incorporation	Ownership Interest
Virginia Uranium Inc. ("VirginiaCo")	Exploration and development of uranium deposits	Virginia	100 %
Southside Cattle Company LLC ("Southside")	Holding Company	Virginia	100 %
Otish Minerals Ltd.	Exploration and development of uranium deposits	British Columbia	100 %

The head office and records office of the Company are located at 611 - 675 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2M6.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business.

If the going concern assumption were not appropriate for these condensed consolidated interim 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

These condensed consolidated interim financial statements of the Company, including its subsidiaries, have been prepared in accordance with International Accounting Standard ("IAS") 1 Presentation of Financial Statements using accounting policies consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC The accounting policies set out in Note 3 of the financial statements as at and for the year ended December 31, 2012 have been applied in preparing these condensed interim financial statements. These condensed consolidated interim financial statements were authorized for issuance by the Company's Board of Directors on May 29, 2013.

**VIRGINIA ENERGY RESOURCES INC. (formerly Virginia Uranium Ltd.)**  
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**3. MARKETABLE SECURITIES**

In connection with a private placement, the Company subscribed for 21,851,411 common shares of Energy Fuels Inc. issued on a private placement basis (and therefore subject to a statutory 4 month hold period) valued at \$3,688,027 (CAD\$3,714,740). In addition, 1,311,085 Energy Fuels Inc. common shares issued to the Company will be transferred to a third party as a finder's fee for a total value of \$217,195 and are reported as share issue costs payable at the fair value of \$206,156 at March 31, 2013.

The remaining 20,540,326 Energy Fuels Inc. common shares are designated as available-for-sale securities and had a fair value of \$3,473,281 at March 31, 2013.

**4. EXPLORATION AND EVALUATION ASSETS**

Mineral properties, December 31, 2011	\$	-
Acquisition of Coles Hill Properties		24,084,717
Acquisition of Otish Mountain Properties		3,517,816
Mineral properties, December 31, 2012		27,602,533
Less Impairment of Otish Mineral Properties		(3,517,816)
Mineral properties, March 31, 2013	\$	24,084,717

**The Otish Mountain Property**

The Company holds 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 next fall. 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 Mountains uranium project will be suspended until such time that the Quebec government completes this evaluation.

In light of the events of March 28, 2013, the Company has impaired its Otish mineral properties, including the exploration and evaluation expenditures and field equipment by a total of \$3,517,816 as at March 31, 2013. The Company is actively pursuing its administrative and legal options with regard to the government decision.



**VIRGINIA ENERGY RESOURCES INC. (formerly Virginia Uranium Ltd.)**  
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**5. EQUIPMENT**

<b>Cost</b>	
Balance, December 31, 2012	\$ 50,411
Acquired during the period	1,575
<b>Balance, March 31, 2013</b>	<b>\$ 51,986</b>
<b>Accumulated Depreciation</b>	
Balance, December 31, 2012	\$ 5,948
Charge for the period	6,228
<b>Balance, March 31, 2013</b>	<b>\$ 12,176</b>
<b>Carrying Amounts</b>	
At March 31, 2012	\$ -
At March 31, 2013	\$ 39,810

**6. CAPITAL STOCK**

(a) **Authorized**

Unlimited number of common shares without par value

(b) **Issued and outstanding**

On September 27, 2012, the Company issued 23,399,329 common shares for the acquisition of the common shares of VAUH for a value of \$21,141,186.

(c) **Private placement**

On January 28, 2013, the Company issued 15,235,239 common shares for gross cash proceeds of \$6,396,873 (CAD\$6,398,800) and 21,851,411 common shares of Energy Fuels Inc. for a total value of \$3,688,027 (CAD\$3,714,740). Finders' fees of \$211,707 were incurred on a portion of the financing. In addition, 1,311,085 Energy Fuels Inc. common shares are reserved as finder's fees for a total value of \$217,195.

(d) **Escrow shares**

As at March 31, 2013 and December 31, 2012, 12,156,239 common shares were held in escrow. As a Tier 2 Issuer (as defined in TSX-V Policy 1.1), the escrowed common shares will be released over 36 months.

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

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**6. CAPITAL STOCK (continued)**

**(d) Stock options and warrants**

In connection with the Arrangement, options held in Anthem, were distributed from Virginia under the same terms as the share issue totaling 586,500 options exercisable in post consolidation amounts ranging from \$1.59 to \$6.45 expiring at dates starting from June 23, 2013 to February 15, 2016.

Stock option transactions are summarized as follows:

<b>Stock Options</b>		
	Number of Options	Weighted Average Exercise Price (CAD\$)
Outstanding, December 31, 2011	-	-
Arrangement distribution	586,500	\$ 1.98
Expired	-	-
Outstanding, December 31, 2012	586,500	\$ 1.98
Outstanding, March 31, 2013	586,500	\$ 1.98
Number exercisable/fully vested	586,500	\$ 1.98

As at March 31, 2013 and December 31, 2012, the Company had the following outstanding stock options:

Number	Exercise Price (CAD\$)	Date of Expiry
16,000	\$ 6.45	June 23, 2013
187,500	\$ 2.27	September 27, 2013
8,000	\$ 3.23	November 21, 2013
365,000	\$ 1.59	November 11, 2015
10,000	\$ 2.80	November 15, 2016
586,500	(586,500 exercisable)	

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**7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company has classified its financial assets as follows:

Financial assets	March 31, 2013		December 31, 2012	
	FVTPL	Loans and receivables	FVTPL	Loans and Receivables
Cash and cash equivalents	\$ 3,577,337	\$ -	\$ 479,983	\$ -
Due from related party	-	71,527	-	81,997
	\$ 3,577,337	\$ 71,527	\$ 479,983	\$ 81,997

The financial assets are carried at fair value as at March 31, 2013 and December 31, 2012. The Company classifies its financial liabilities, accounts payable and accrued liabilities and loans payable, as other financial liabilities and carries them at amortized cost.

**Risk Management**

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

**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 \$0.01 in the U.S. dollar against the Canadian dollar would not have a material impact on net loss. At March 31, 2013 and December 31, 2012, 1 U.S. Dollar was equal to 1.016 and 0.9843 Canadian Dollars respectively.

The balances listed below are the Canadian dollar denominated balances which were translated to their US dollar equivalent.

	March 31, 2013	December 31, 2012
Cash and cash equivalents	\$ 2,010,924	\$ 284,096
Commodity taxes receivable	57,640	36,122
Accounts payable and accrued expenses	(364,585)	(468,245)
	\$ 1,730,978	\$ (148,027)

**8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**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. Commodity taxes receivable consist primarily of goods and services tax due from the Federal Government of Canada and amounts due from related parties. The maximum exposure to credit risk is limited to amounts shown on the balance sheet at December 31, 2012. Management believes that the credit risk associated with accounts receivable is remote.

**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.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

Under the fair value hierarchy for 2012 and 2011, cash, cash equivalents would be considered a level 1 fair value measure.

## VIRGINIA ENERGY RESOURCES INC. (formerly Virginia Uranium Ltd.)

### Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2013 and 2012

(unaudited - expressed in US dollars)

#### 9. 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, 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.

#### 10. RELATED PARTY TRANSACTIONS

Due from related party consists of \$71,257 due from Anthem for reimbursement of certain operating expenses.

Note payable to related party consists of a Promissory Note payable to Anthem of \$3,979,250 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 Promissory Note in the amount of \$59,359. The Company and Anthem have common officers.

Loan payable to related party at December 31, 2012 consisted of a short term bridge loan from Sprott Resources Lending Corp. for working capital. The loan bore interest at the rate of 12% annually and matured on February 28, 2013. In consideration for the advance, the Company agreed to pay a structuring fee to Sprott in the amount of CAD\$7,500 and a cash bonus payment equal to 6% of the principal amount of the loan. A director of the Company is also a director and officer of Sprott Inc. and a director of Sprott Resource Corp. The loan and accrued interest was paid off on January 31, 2013.

During the quarter ended March 31, 2013, an officer and director of the Company was paid \$33,333 (2012 - \$nil) for legal services.

The key management personnel of the Company are the directors and officers of the Company. Compensation awarded to officers and directors for the periods ended March 31, 2013 and 2012 are as follows:

<b>Officers</b>	<b>2013</b>	<b>2012</b>
Salaries and consulting fees	\$ 145,000	\$ -
<b>Directors</b>		
Salaries and consulting fees	\$ 8,750	\$ -

#### 11. SUBSEQUENT EVENTS

On April 30, 2013, the Company granted 3,029,000 stock options to directors, officers and consultants, exercisable at CAD\$0.42 for five years.